THE
Freeman
IDEAS ON LIBERTY

JULY 1960

Adult Delinquency	*Ben Moreell*	3
Freedom: The Mortar of Maturity	*Stephen B. Miles, Jr.*	13
How To Reduce Taxes	*Leonard E. Read*	17
Fair Shares in the Wheat Belt	*H. P. B. Jenkins*	25
Union Power and Government Aid	*Sylvester Petro*	26
In Defense of Life and Property	*Minneapolis District Court*	40
The Two-Fold Crisis: Personal and Social	*Edmund A. Opitz*	46
Insuring Irresponsibility	*W. M. Curtiss*	54
The Tariff Controversy: A Christian Dilemma	*H. J. Ritscher*	56
Free Market — Free Men	*John Chamberlain*	61

THE FOUNDATION
FOR ECONOMIC EDUCATION, INC.
Irvington-on-Hudson, New York

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Modern, all-electric Medallion Home in Tampa, Florida

YOUR NATION OF LIGHT...

40% of all the electricity in the world is used in the U.S., most of it supplied by

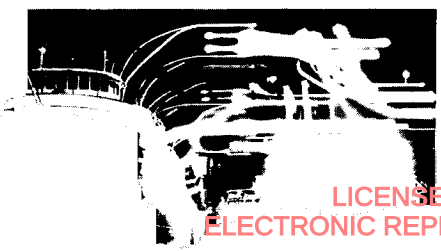
One of America's wonders to foreign visitors is the wealth of electric power that we put to work in our homes, on our farms, in our jobs.

We use more light and power than the next six nations together—three times as much as the Russians—and we keep on using more all the time. On the average, you use twice as much as you did just ten years ago and pay 16% less for it per kilowatt-hour.

The independent electric companies that turn out over ¾ of America's electricity have doubled the supply every ten years, and are building now to double it again in the next ten. And because they and their millions of owners will put up the money for the new plants and lines, you won't be taxed to pay for them.

These hundreds of companies are ready and able to supply all the low-price power people can conceivably need in the future.

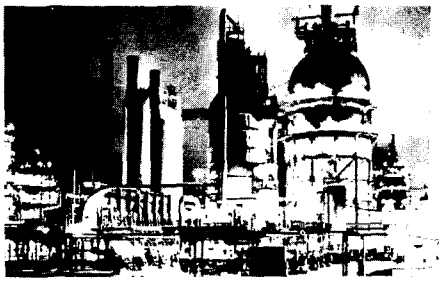
Ore dock, Ashtabula, Ohio. Time exposure shows streaks from moving lights on loading machinery.



Electrified farm, Valley Center, Kansas

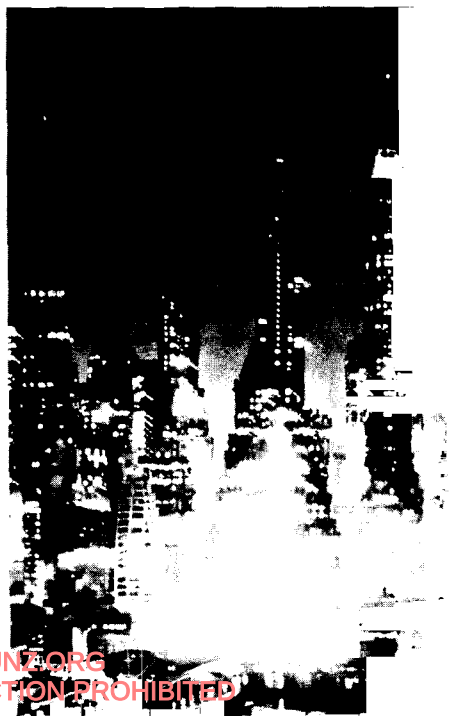
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Huge steel plant at Youngstown, Ohio



Oil refineries at Port Arthur, Texas

Big-city skyscrapers, New York



AND POWER!

hundreds of independent electric companies

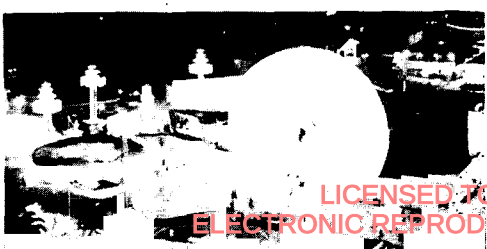
This means there is no need for the federal government to build any more electric systems that all Americans would be taxed to pay for.

You can get more facts and figures about this in a new, free booklet. Write for "Who Pays?" to Power Companies, Room 1114-Q, 1271 Ave. of the Americas, New York 20, N.Y.

AMERICA'S INDEPENDENT ELECTRIC LIGHT AND POWER COMPANIES

Company names on request through this magazine

Nu-Pike Fun Park, Long Beach, California



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

JULY 1960 Vol. 10 No. 7

LEONARD E. READ *President*, Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit educational champion of private property, the free market, the profit and loss system, and limited government, founded in 1946, with offices at Irvington-on-Hudson, New York. Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount — $5.00 to $10,000 — as the means of maintaining and extending the Foundation's work.

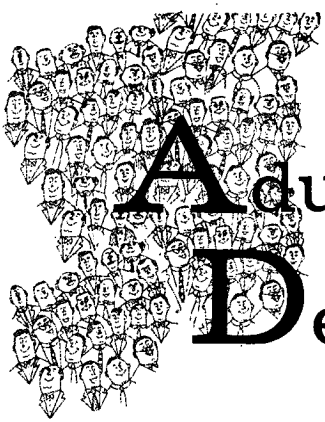
Accepted as controlled circulation publication at Irvington, N. Y., with additional entry at New York, N. Y. Copyright, 1960, The Foundation for Economic Education, Inc. Printed in U.S.A.

Additional copies, postpaid, to one address: Single copy, 50 cents; 3 for $1.00; 25 or more, 20 cents each.

Permission is hereby granted to anyone to reprint any article in whole or in part, providing customary credit is given.

Any current article will be supplied in reprint form if there are enough inquiries to justify the cost of the printing.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



Adult Delinquency

BEN MOREELL

WE HEAR MUCH these days about "juvenile delinquency." Most of us are deeply concerned about this problem. But what about "adult delinquency"? I confess that I am an adult delinquent. I suspect that many others throughout America should be similarly tagged.

What is "delinquency"? My dictionary defines it as "failure, omission, or violation of duty." To have a useful concept of "delinquency" we need a yardstick to measure its degree. Such a yardstick is the "gap" between a man's actual achievements and what he might have achieved if he had made full use of his God-given talents. Only you can know the span of that gap in your case; only I can know it in mine.

If I have the natural talents to do great things in engineering or science or the church or civic affairs or elsewhere, and those talents are little used, I am delinquent. And the measure of my delinquency is the spread between what I did and what I might have done. Thus, the wayward youth or the moron may be far less delinquent than those of us who, though we have been blessed with many talents and opportunities to develop and use them, have failed to do so.

Wherein have we failed? First of all, my generation has squandered its legacy. We were bequeathed, by our political forebears, an unearned heritage – the greatest citadel of individual freedom and opportunity the world has ever seen. We have failed to strengthen that heritage, or even

---

Admiral Ben Moreell is the famed founder of the Navy's wartime Sea Bees. He was the first (1946) non-Annapolis, four-star admiral since the establishment of the Naval Academy. At present, Admiral Moreell is Chairman of the Board of Trustees of Americans for Constitutional Action.

This article is from an address of February 4, 1960 to The Women's Patriotic Conference on National Defense, Inc., Washington, D. C.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to preserve it. We have permitted its structure to be eroded and its foundations weakened to the point where we are in grave danger of losing the entire edifice. Should that debacle occur, we will have deprived our posterity of their rightful heritage of freedom. The gap between what we did and what we should have done is great indeed!

I, and millions like me who should have known better, have permitted this to happen. Our retreat along the road back to serfdom has accelerated to a point where those noble words of our National Anthem, "The Land of the Free and the Home of the Brave," have been drained of meaning. Truly, most of our generation are "adult delinquents"! To measure that delinquency, let us see how "free" we Americans are today and, equally important, how "brave"!

Ignorance No Excuse

No one who has given serious thought to the things we have been doing to our social structure in recent years can claim ignorance of their ultimate effect. There are warning signs on every page of recorded history. But we deliberately ignore them. Miss Edith Hamilton, world authority of the Greco-Roman civilization, recently made this statement:

"Is it rational that now, when the young people may have to face problems harder than we faced . . . we are giving up the study of how the Greeks and Romans prevailed magnificently in a barbaric world; the study, too, of how that triumph ended, how a slackness and softness finally came over them to their ruin? In the end, more than they wanted freedom, they wanted security, a comfortable life, and they lost all – security and comfort and freedom. . . .

"Are we not growing slack and soft in our political life? When the Athenians finally wanted not to give to the State, but the State to give to them, when the freedom they wished most for was freedom from responsibility, then Athens ceased to be free and was never free again. Is that not a challenge?"

There are lessons to be learned from the experience of the men of old. But we are inclined to dismiss the ancient wisdom because our modern "social engineers" assure us that our new knowledge of technology and civics, of economics and human nature, make those lessons obsolete. We ignore them at our peril!

If we are in trouble today, it is not because we have lacked prophets who pointed out the dangers besetting the course we have chosen.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

On August 11, 1846, the *London Times* published this warning:

"The greatest tyranny has the smallest beginnings. From precedents overlooked, from remonstrances despised, from grievances treated with ridicule, from powerless men oppressed with impunity, and overbearing men tolerated with complacence, springs the tyrannical usage which generations of wise and good men may hereafter perceive and lament and resist in vain. At present, common minds no more see a crushing tyranny in a trivial unfairness or a ludicrous indignity than the eye, uninformed by reason, can discern the oak in the acorn. . . . Hence, the necessity of denouncing with unwearied and even troublesome perseverance a single act of oppression. Let it alone and it stands on record. The country has allowed it, and when it is at last provoked to a late indignation, it finds itself gagged with the record of its own ill compulsion."

It requires no great feat of memory to recall the many incidents in our own last quarter century when we could well have profited from this admonition.

Words of Wisdom

In 1860, in his "Essay on Representative Government," John Stuart Mill stated:

"A people may prefer a free government, but if, from indolence, or carelessness, or cowardice, or want of public spirit, they are unequal to the exertions necessary for preserving it; if they will not fight for it when it is directly attacked; if they can be deluded by the artifices used to cheat them out of it; if by momentary discouragement or temporary panic, or a fit of enthusiasm for an individual, they can be induced to lay their liberties at the feet even of a great man, or trust him with powers which enable him to subvert their institutions; in all these cases they are more or less unfit for liberty; and though it may be for their good to have had it even for a short time, they are unlikely long to enjoy it."

What words of wisdom – and how applicable to our current national predicament!

We come now to this pertinent question: If these warnings are valid and we have failed to heed them, what freedoms have we lost as a result of our "indolence, or carelessness, or cowardice, or want of public spirit"?

Freedom in society means that persons as well as their property are secure from arbitrary invasion. To the extent that a man's life and goods are at the disposal of another, he is not free! The degree to which our government has taken control in these areas of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

life and property marks the degree of its departure from our original principles.

The Greatest Intrusions

It is my firm conviction that the two greatest intrusions on individual freedom in the history of our Republic are, first, the Sixteenth Amendment to the Constitution, which was ratified in 1913, and which provides for the graduated income tax; and, second, the Act of May 18, 1917, whereby Congress "authorized and ordained" a conscript army for use in foreign war.

Here is what a great scholar has to say about these two enactments. I quote from the late John W. Burgess, Emeritus Professor of Political Science and Constitutional Law at Columbia University. In his book, *Recent Changes in American Constitutional Theory,* (first printing 1923; second printing 1933), he wrote:

"We have, therefore, under this Sixteenth Amendment as I interpret it, an investment of the government with entirely unlimited power in the levy and collection of the most comprehensive of all taxes, the income tax, the tax which can take, thus unlimited, the entire product of all property and of all labor. There is now nothing in our Constitution, as I understand it, to prevent the government from exercising complete arbitrary despotic and discriminatory powers over the property of the individual through the levy and collection of this unlimited tax upon incomes."

And with respect to conscription for foreign wars Professor Burgess said: "From the point of view of the Constitutional immunities of the individual against governmental power, this distinction [i.e., that Congress had authority to organize and employ only *volunteer* forces in foreign war and reserve *compulsory* service for repelling invasion, suppressing insurrection and executing the laws of the Union internally] will be seen with a little reflection to be most vital. For while Congress, that is, the government of the United States, can always, of its own motion, declare a foreign war, it cannot, of itself alone, produce an invasion of the United States or an insurrection within the country. It depends upon other wills as to whether these conditions shall or shall not exist. . . .

"Now the power in a government to conscript its citizens or subjects into its military service upon an occasion which it may, of its own motion, at any time, invent and perpetuate, amounts to a power to hold the people of the country under permanent military law, that is, to hold them under a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

law which is not limited by any Constitutional immunities protective of the individual against governmental power. . . .

"In view of these considerations, I cannot believe that the framers of our Constitution vested the power in the government to raise and employ conscript armies for, and in, foreign war. It is the most despotic power which government can exercise. It can be so exercised at any moment, and on occasion created by government itself, as to sweep away every vestige of individual liberty and put the last drop of blood of every man, woman, and child in the country at the arbitrary disposal of government."

Here, then, according to Professor Burgess, we have surrendered to government our two most precious natural rights, that is, the right to life and the right to acquire, preserve, and enjoy property which, in its ultimate effect, is the right to sustain life.

The Declaration of Independence says that men possess certain inherent rights, being so endowed by their Creator. To secure their rights men established a government, and this government now turns about and impairs those rights.

What other rights have we lost? Among them is the right to own and hold gold, the right to privacy of records (that is, bank deposits, bank accounts, safe-deposit boxes), the right to privacy in one's home, freedom to plant and raise such farm crops as one wills, protection from arbitrary actions by government which erode the values of our savings by inflation, and so forth. The list is long. We are subjected to compulsory participation in Social Security, mandatory wage rates, compulsory membership in labor organizations, fixed rent controls, restrictions on choice of tenants and purchasers of our property, and others.

Emergency Powers

I have in my library two sizable documents. One lists the "Emergency and War Powers of the President and of the Executive Branch of the Government acquired since 1933." The other is entitled "Provisions of Federal Law Presently in Effect by Reason of the National Emergency Proclaimed by the President December 16, 1950."

The striking feature of both lists is the tenacity with which so-called "emergency measures" hang on long after the emergency has passed. There are many which have been carried forward from World War I! It appears that those who believe in concentration of power in the hands of the cen-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tral government take advantage of every emergency to achieve greater centralization; and they never let go!

Parenthetically, many of these same zealots for centralization now go further and ardently advocate concentration of power in the hands of a world government to which they propose that we surrender our national sovereignty. This would, in effect, make us largely subject to the control of those very "backward nations" who, it is claimed, are now in such dire need of our help!

Growth of Government

It is to be noted that every one of the controls and restrictions imposed on persons by the laws, rules, and regulations to which I have alluded, requires an enlargement of the power of the central government in Washington. This has undermined personal liberty as well as the sovereignty and political integrity of the individual states.

But there is more! The enormous growth of government has imposed a heavy tax burden on every citizen. But not even the excessive taxation we now bear is sufficient to pay the mounting costs of government; so the government resorts to inflation.

Competent economists, such as Colin Clark, basing their conclusions on studies of the financial behavior of nations, have stated that when the tax take of government rises to the range of 20 to 25 per cent of the earned income of the people, large segments of the population will demand an easing of the burden of direct taxes by increasing the volume of the money. This is inflation!

It has been demonstrated that once the government assumes responsibility for the economic welfare of its citizens, the 20 to 25 per cent range in tax take of earned income is quickly reached. In the United States we are far beyond this point. We are now above 35 per cent! And the inevitable progression appears to be on schedule, as indicated by the fact that from 1933 to 1955 there has been a 500 per cent increase in the money supply of the United States (that is, total deposits and currency outside banks) while the population increased only 32 per cent. In spite of the vastly increased productivity of our industrial machine, there has occurred, since 1933, a sharp decrease, some 55 per cent, in the purchasing power of our money!

Our Freedoms

It is unfortunate that we have forgotten the old adage: "Whoso controls our subsistence, controls us." Professor F. A. Hayek cau-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tioned us, "Economic control is not merely control of a sector of human life which can be separated from the rest; it is control of the means for all our ends."

Freedom of worship is an empty thing if we are denied the financial means to erect churches, pay our clergy, print religious literature, and propagate our faith. Freedom of the press means nothing if we are deprived of the means to buy presses, type, and newsprint. And what meaning can be attached to free speech if we know that we must speak in a certain way or else lose favor with those who control the food, clothing, and shelter which we need to survive? Unless we have full freedom in the economic realm, we cannot have full freedom in any other. Unless we have a society in which the producer enjoys the full fruits of his labor, our freedom is impaired precisely to the degree that political exactions deprive the man who works, whether with mind or muscle, of his production.

Slavery is commonly thought of as ownership of one man by another. But the slaveholder would not quibble about owning the man, provided he owns the products of the man's labor! A slave, in other words, is a man to whom the right of economic freedom is denied. From this premise the denial of all other rights follows. Therefore, in any realistic discussion of freedom, what happens in the economic realm is basic.

How much freedom have we lost in the economic realm? As I have stated, the latest statistics show that more than 35 per cent of the national earned income is now confiscated by all levels of government.

Where the Blame Lies

Where lies the blame for our current condition – so foreign to the promises of the original American character and faith?

The fact is that all of us, you and I, must share the blame. Somewhere we got off the track. Over the past 50 years we have encouraged – nay, we have actively participated in – the propagation of a misplaced faith in the power of government to accomplish all sorts of social, economic, and even moral purposes. Implementing this faith we have thrust enormous powers upon government; or else, with great docility, we have acquiesced while the powers and functions of government have been extended, accelerated, and centralized. Such enhancement of political power at the expense of the natural rights of individuals is correctly labeled "socialism."

The tendency of citizens in all walks of life is to be complacent about the advance of what might

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be called piecemeal socialism – political intrusion that does not encroach upon what each one conceives to be his own territory. We tend to be apathetic about the general socialistic drift. In many instances we actively support socialistic measures under the guise of "promoting prosperity" or "developing the community." But we should now be aware that what threatens to engulf us is total state socialism.

All those in positions to influence public opinion have a duty to actively oppose socialism wherever it appears, because socialism is ancient tyranny under a modern disguise – even though it has enlisted some misguided idealism in its behalf. If the promise of America is to be redeemed, we must oppose state socialism on every level – philosophical and spiritual as well as economic and political. If our sole concern is merely that aspect of socialism which directly confronts our own company or our own industry or our own community, we may contribute to the advance of socialism on other fronts by our neglect, if not by our positive actions.

What is the current pattern of our behavior?

Common Taint

Unfortunately, many of the charges of inconsistency launched against us appear to have substantial basis in fact! For example, those of us in business acclaim the superior productivity of the free enterprise system, but we look for special privilege or government subsidies or loans when we cannot obtain funds from private sources. The farmer is proud of his individualism but strives for a politically guaranteed income and subsidized electricity, irrigation, and tools. The doctor is opposed to socialized medicine, but wants government subsidies for training, research, and laboratories. The educator points to the deplorable lowering of standards which results from political domination of education – then insists that federal aids to education are essential for national survival! The scientist opposes any interference with freedom of inquiry – then implores government to provide generously for "research essential to the National Defense and the common welfare." The union official extols "free American labor" – then maintains that he must have special laws which confer upon him exclusive power to coerce and regiment his members, to abolish freedom of contract and to resort to intimidation and violence, all under the guise of "conserving labor's gains."

Young people want government to provide them with an educa-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion, a job, and a pension. Old people are content, for the moment, with generous retirement privileges. And the man-in-the-street demands from government a subsidized house, food, medical care, and an ephemeral thing called "economic security."

And most of us know that, since government produces nothing, what it gives to one it must take away from someone else, with generous deductions for "handling charges" in the course of the transaction.

One wonders – is this in truth the "Home of the Brave"? Are brave men satisfied to live off the fruits of some other man's labor?

Is our case hopeless? Must we surrender unconditionally and take what comes? No, not if we are dedicated to the restoration of our country as the "Land of the Free and the Home of the Brave."

A Positive Program

What specific steps must we take?

I believe that no one, no matter how exalted his position, can determine for 177 million people their day-to-day economic and social decisions concerning such matters as wages, prices, production, associations, and others. So I propose that these decisions, and the problems connected therewith, be returned to the persons concerned. This could be done in five steps as follows:

1. Let us stop this uneasy drift toward collectivism by ending all further special privileges and private raids on the public treasury – whether conducted by labor unions, businessmen, farmers, or any other group. In one respect, this is the easiest step of all – we need only refrain from passing more socialistic laws. But we have become so addicted to socialism that it will be just as hard for us to break the habit as for an alcoholic to stop his compulsive drinking.

2. Let us undertake at once an orderly demobilization of the bureaucracy by the progressive repeal of the socialistic laws now on our books. This is the road back to social health and fiscal sanity, and it will be a struggle all the way; every pressure group in the nation will fight to retain its special privileges, subsidies, and government protection. But if freedom is to live, all politically privileged positions must go!

3. Of the powers that remain in government, let us return as many as possible to the individual states. For, on the local level, the people can apply more critical scrutiny to the acts of their government and take corrective action.

4. Let us resolve that never again will we yield to the seduc-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion of the government pander who comes to us offering gifts, *paid for with our own money*, in return for a surrender of our natural rights.

5. Above all, let us hold high before our eyes the banner of individual moral responsibility, acknowledging that unless each one of us humbly tries to govern his actions by God's will – as this is interpreted in such statements as the Ten Commandments and the Sermon on the Mount – he brings chaos into society and invites tyranny. ◆

IDEAS ON LIBERTY

Abuse Freedom — Lose It

THE weakness of a free society is the fact that so few of its people understand it. Far too many have the notion that to be free means to be unrestrained. To them it means freedom to deceive, freedom to exploit, freedom to malign, freedom to steal (politely), freedom to lie (for a profit), freedom to avoid civic duty, freedom to discard moral values. Freedom, in short, to do as you please so long as you keep out of jail.

Few of those who hold this conception of freedom use all these forms of free expression. Some use one and some another – but all together gnaw away at the structure that makes true freedom possible.

Our earliest ancestors, who came to this wild land to escape the punitive restraints of monarchical society, knew that to find a durable free order here they must first of all assume voluntary restraints. They regarded it as every free man's privilege to serve the community. They were convinced that no free economy stood a chance of survival whose people felt no burning sense of responsibility to sacrifice as needed to maintain it. Freedom, in their language, meant being free to exercise this privilege, to perform civic duties conscientiously, to serve God and one another as conditions might require. They did not interpret freedom as license to promote the good of any man, themselves included, at the cost of justice to another.

Freedom in their view *was* primarily justice – that gave every man the fullest and fairest opportunity to make the most of whatever was best in his make-up.

Whether or not our own freedom will endure depends on which of these views predominates among our people at this crucial moment in their history.

From the March 1960 *"Bankers" Bulletin*, Bankers Commercial Corporation, New York City.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FREEDOM
THE MORTAR OF MATURITY

STEPHEN B. MILES, JR.

TODAY many of those who have been most sympathetic with our past moves toward collectivism are starting to beat the drums to make the government responsible for the "mental health" of "its" citizens. They point to the facts that half our hospital beds are occupied by "mental" patients and that one out of every 10 or 12 of us is destined to spend some time in a mental hospital. They conclude that "mental health" has now become important enough to be taken over by government.

But here may be an issue made to order for libertarians. For mental distress is largely, if not mainly, loss of contact with reality. In fact, this is how schizophrenia, responsible for 55 per cent of the "mental cases" in hospitals, is now described. And loss of contact with reality is directly traceable to loss of freedom.

Mr. Miles offers a management consulting service in Los Angeles and does free-lance writing and editorial work.

The classic example of contact with reality used to be farming. The farmer prepares the ground; sows; the seeds grow into plants; he harvests the crop. The better he has done his job, the better the harvest – and the better he and his family will live. But today, farmers (and others) are not free to work in this way. Often the work a man does bears little relation to the rewards he reaps. And so it is little wonder that he tends to lose contact with reality.

In the Winter 1959-60 number of *Modern Age* (reprinted in the May 1960 *Freeman*), William C. Mullendore traces the confusion of our society to lack of "responsible individualism." It may be that one of the most striking examples of that confusion is precisely the same mental distress that the socialists would cure by less individual responsibility.

Examining studies of insanity, one finds such cases as the man who, all during his childhood, was

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

protected by his mother – and when it finally became necessary for him to get a job and assert himself, went into a tailspin. Here is a young woman who had been told all her life by an older sister what to do, what to eat, what to wear – and who had broken down shortly after getting married. Here is another young lady who had waited on her invalid father day and night for the 30 years since he suffered a stroke and so became totally dependent on him for an emotional outlet. Here is a man with a history of almost constant illnesses as a child who, as a consequence, was never expected to do any real work or assume any real responsibility even during his well periods. And so it goes.

Most of these persons as children went regularly to school and studied their school lessons. Many of them became known as especially "bright" students. But none of them learned enough about the fine art of controlling situations, rather than being controlled by them, to develop the maturity necessary to cope with life once the crutch of over-protection or emotional dependence was withdrawn. They did not learn how to make their own decisions and choices – and how to take the consequences. They did not have the *freedom* that comes only with standing on their own two feet and physically and mentally "slugging it out" – a freedom more vital to man than any of his gregarious "drives."

Even a new-born infant seems to have a deep-seated need for freedom of movement. When the baby gets a little older and stronger, he will scream and kick and struggle and get red in the face if he is constrained from turning over when he feels like it, or stretching, or doubling up. The behaviorists call this "rage." It would be equally appropriate to call it a demonstration of man's basic, and elemental, love for freedom, and of his growing awareness that he is an individual with inalienable rights.

Evolution Toward Liberty

The normal development of the child is such that, as he grows older, more and more freedom becomes available to him, seemingly restricted to that amount he can use in each of his stages of growth. Just as by using his freedom to pit himself against the obstacles of the world, the child – and later the man – develops the physical, mental, moral, and spiritual muscles that will build maturity and enable him to understand his world, so has our civilization developed by gradual (and fitful) steps. The evolution of life itself, if read correctly, suggests that the need to be free is one of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

primary needs of man. Lecomte du Nouy says in his great book, *Human Destiny*:

"Evolution has all the appearances of being a choice, always made in the same ascending direction towards a greater liberty. . . . The increasing freedom of human beings is evident if one starts with the monocellular being and the mollusks: freedom of movement, liberation from the chains imposed by a strict dependence on the environment (concentration of saline solution, temperature, food, etc.), liberation from the necessity of using the hands for walking or digging, liberation from the time-consuming method of transmitting useful acquired characters and experience (through speech and tradition), and last of all . . . liberation of conscience."[1]

The quest for freedom is not simply a thing added on, as dictators and bureaucrats seem to assume, or even one of the luxuries of integrity. It is part and parcel of the stuff of which human life is made, built in through a hundred million years of evolution, a million years of pre-history, thousands of years of history. When the circumstances of a man's life deprive him of freedom, they also deprive him of the sanity and maturity for which he was born. Without freedom he cannot build up and toughen those inner resources which give him the flexibility and initiative so necessary for the give and take of life.

It is by freely trying out many different modes of behavior and then evaluating the consequences that are associated with such-and-such a type of behavior under such-and-such a circumstance that the wild gyrations of childhood, laughter one moment and tears the next, are narrowed down with the oncoming of maturity to smaller and more controlled emotional swings that will enable him to face the problems of life with initiative, self-reliance, and love. The gradual integration of reality into the patterns of thinking, feeling, and behaving is interrupted for the mentally disturbed individual. *He* somehow never learns to be self-reliant in the confidence that things will turn out as planned; to take the initiative, and thus make himself into an agent through which the cosmic creative force may flow;[2] or to love, which for the mature individual involves self-discipline and responsibility for others. He knows only the dependence of the child – but

[1] Du Nouy, Lecomte. *Human Destiny*. Longmans, Green and Co., 1947. pp. 92-93.

[2] See Leonard E. Read, "Economics for the Teachable," THE FREEMAN, January 1960, pp. 32-40.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

he yearns to express the emotions of adulthood, the emotions intended to fit him for maturity, without knowing how to do so. He is torn between two worlds, and the result is the extremes of behavior of the manic-depressive; the delusions of persecution and of grandeur of the paranoic; and the silliness, negativism, apathy, and "split personality" of the schizophrenic.

Life's Challenge: Prove Thyself

Friedrich Hayek shows in *The Sensory Order* that reality is not simply something in the "outer world" to be reached out to by sensory organs, but rather is created by each individual for himself.[3] Such a concept of the development of reality makes it even more apparent that a nice balance between emotional responses, between work and accomplishment, between experience of effect and understanding of cause is required – in order that relationships (which are all we know) may be integrated in a constantly tightening nexus. The "development" of "reality," so conceived, which is here called maturity, is threatened by injudicious interference with the freedom of the individual, whether it be by parental overprotection, teacher coddling, welfare-statism, or whatnot. In its most extreme form, non-freedom leads to, or perhaps is, insanity. (For his *1984*, George Orwell expanded a lunatic asylum to be coterminous with civilization.)

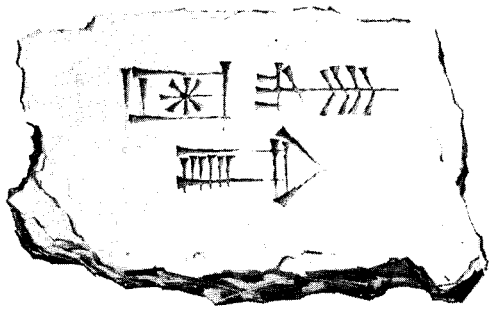
Life always throws down a challenge to the newcomer. That challenge reads: "Prove thyself." Parents, teachers, friends can help the individual get ready to meet that challenge, but they can protect him from accepting it *and the attendant risks* only by withdrawing him from the enterprise of life.

And the attendant risks. Facing challenges from which the teeth have been pulled just will not do. Such a situation is as artificial as providing a dog simultaneously with food and with electric shocks – and likely to have the same result: breakdown.

Whatever can be said in opposition to an agency using coercion against one group or individual to protect another (and it is much) the greatest harm may, in the last analysis, be caused not by the coercion, but by the protection. Society can provide the individual with anesthesia but not with maturity. Only by "bringing off" affairs where he has freely staked something of value can the individual learn – and by learning, hold the bricks of security in place by freedom, the mortar of maturity. ◆

[3] Hayek, F. A. *The Sensory Order*. The University of Chicago Press, 1952.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



How To Reduce Taxes

LEONARD E. READ

THE CUNEIFORM SIGNS, as shown above, are copied from a clay cone now on display at The Louvre. The cone was excavated by the French at the site of ancient Lagash, a prehistoric city located in Mesopotamia. The messages on the cone were etched with a reed stylus on soft clay during the third millennium B.C.[1]

While the experts on Sumerian civilization may not agree precisely in their interpretations, the consensus is that the above three signs mean "freedom from taxes." There are two features to observe about these ideograms. First, the word "freedom" here puts in its earliest written appearance. Second, is the remarkable clarity used to depict "taxes." These Sumerians expressed in a symbol the nature of governmental "take" better than we express the process in our modern languages. Note its barb or fishhook or harpoon characteristics, suggesting, so very clearly, that this instrument is one which can be thrust into, but hardly retrieved from whatever it penetrates. The nature of taxation thus revealed itself at the very dawn of history, and experience confirms this early disclosure: Taxes are easy to increase but almost impossible to decrease.

[1] See Samuel Noah Kramer, *From the Tablets of Sumer* (Indian Hills, Colorado: The Falcon's Wing Press, 1956), Chapter 6, "The First Case of Tax Reduction," pp. 41-46.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

We need not go beyond the experiences of our own country in this century to verify the one-way tendency of our taxes. They continue to penetrate inexorably deeper, always advancing, never receding. Look at the record: The population of the U.S.A. increased from 76 million in 1900 to 174 million in 1958 while government expenditures *per person* (in terms of 1947-49 dollars) rose from $56 in 1900 to $580 in 1958, a more than tenfold expansion of governmental assessments *per person* – man, woman, and child.

Spending and Inflation

Where is the end of all this? If the trend of the past few decades be projected into the future – the near future even – the prospect is that of a once great economy flying to pieces. The expenditures of government (now equal to 35 per cent of the peoples' earned income) have long since passed the point where they can be met by direct tax levies. Inflation – increasing the volume of money – is then resorted to. This reduces the value of the monetary unit. Serious in our country? The dollar has lost 52 per cent of its purchasing value since 1939!

Historically, in most instances, governments resort to inflation when the collection by government reaches 20 to 25 per cent of the country's earned income.[2] As a rule this is the level beyond which direct tax levies become politically inexpedient. Inflation, therefore, becomes the only alternative means of financing excessive expenditures. And the more overexpanded the government, the more the inflation!

Inflation in the U.S.A., however, is more dangerous than in other countries and for a simple reason: We are more specialized than other people are or ever have been. We are so specialized that all of us are dependent upon the exchange of our numerous specializations. In a highly specialized economy such as ours, the exchanges are not by barter; a circulating medium of exchange is required. This is money's most important function.

Inflation, let it be repeated, is a politically engineered increase in money volume. This thins or dilutes the circulating medium. The medium can, assuming a continuation of inflation, become so thin that it will lose all of its circulating power. This is what happened in Germany after World

[2] "Dr. Colin Clark, the Australian economist, has concluded from his study of governmental costs that whenever the figure for any country rises to more than 20 or 25 per cent, progressive inflation and the debauchery of the currency is likely." See p. 110, *Liberty: A Path to Its Recovery* by F. A. Harper. Irvington-on-Hudson, N. Y.: The Foundation for Economic Education, Inc., 1949.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

War I when 30 million marks would not purchase a loaf of bread.

The purpose of this paper, however, is not to point out the dangers of government in an ever-expanding role with its ever-increasing costs, and the ultimate consequence of this course – inflation. These threats are well known to all individuals who are likely to be of any help in slowing down and eventually reversing present trends. Not as well known is the fact that a mere rehashing of these threats, coupled with scoldings and exhortations, will not turn the tide. People simply are not frightened away from collectivism by statistical or mathematical or materialistic arguments which show the expansion of government, the rise of the debt, the bite of taxation, the erosion of the dollar, the extent of inflation, and so on.

The Moral Case for Freedom

The purpose of this paper, therefore, is (1) to suggest that arguments on behalf of freedom, when confined to the materialistic – which too often they are – account in part for the seemingly irreversible one-way direction of the taxing process and (2) to draw attention to the moral arguments that must be perfected and presented if any change is to be brought about.

Omitting the enormous activities and costs related to the "cold war,"[3] government's expansion in the U.S.A. – and elsewhere, for that matter – is a growth in socialism. It is an increasing practice of the collectivistic concept – the notion that the individual exists for the group, by the group's permission, and for the group's sake.

This concept denies the Creator and substitutes therefor the omnipotent State as the source of man's rights and the dispenser of privileges. State supervision of welfare and prosperity is substituted for personal responsibility. The State takes from and gives to, as its political hierarchy sees fit. The Marxian ideal, "from each according to ability, to each according to need," is, quite consistently, part and parcel of the collectivistic doctrine. Ignored is the idea that government is for the purpose of securing the inalienable rights of man. It cannot be otherwise, for the State, not the Creator, is the

[3] While the wastes and excesses in current "defense" expenditures are related to a spreading acquiescence to socialism, this aspect of the subject is beyond the scope of this paper. The purpose here is served by pointing out that for fiscal 1961 "defense" expenditures are one per cent higher than at the end of the Korean War. But, nondefense expenditures are 86 per cent higher! See *Monthly Tax Features*, February 1960. Tax Foundation, Inc., New York, N. Y.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ultimate sovereign – according to collectivism.

Examples of this from-each-according-to-ability-to-each-according-to-need thesis are the progressive income tax, TVA, government mail delivery, government housing, compulsory social security, subsidies to farmers, protections against competition, federal aid to education, and so on. A specific example would be a federal grant for a local hospital.

Taking this specific example, the people who seek federal aid for their local hospital present a united front. They achieve a political unanimity, a wholeness, and their demands come through clear and loud. Once the hospital is built it stands as tangible evidence of an "accomplishment," a monumental testimony to the "wisdom" of its sponsors. The good it does is visible. It can be photographed and publicized as a concrete instance of community welfare.

Pennies or Principles?

Now this federal grant-in-aid means of local achievement does have some opponents. An observant taxpayer who resides in New York sees no reason why he should be compelled by the political apparatus to subsidize the citizens of Los Angeles or Dallas. But suppose he expresses his opposition materialistically as he invariably does. He may, for instance, complain about the cost to him. And, how much is that? Why, only a pittance – 30 cents, perhaps. What a niggardly position to take! He, with his big income! And, if he argues that anyone, regardless of how wealthy, can be "pennied and dimed" to death, he is confronted with the impossible task of naming the instances that take so many of his pennies and dimes. He may even generalize about national financial trends but, to do so, he must talk in terms of billions of dollars. Such terms are as incomprehensible to his listeners as are 100,000,000 light years.

Opponents of socialism who argue only materialistically would be well advised to add the moral argument.[4] As distinguished from socialism's proponents, with their united front, they are a splintered and fragmented lot. It is next to impossible for them to unite on

[4] Dr. Thomas Nixon Carver, thirty-two years Professor of Political Economy at Harvard University, once said to me, "The two most influential books in Western Civilization have been the Bible and Adam Smith's *Wealth of Nations*." Adam Smith and the Biblical writers were, among other things, moral philosophers. Reflect, also, on the thinking that went into the Declaration of Independence, the discussions in the Constitutional Convention, and the arguments set forth in *The Federalist Papers*. The appeals were not made on the basis of material advantages. The arguments were in the realm of moral philosophy, and the case was won by appealing to man's sense of justice.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

materialistic terms.[5] The financial injuries done to them are not alike in any two instances, nor do the injuries, imposed in dribbles, greatly excite the victims. The damage is done more or less unobserved. Nor can these material injuries be photographed, or dramatized with any persuasiveness. Invisible, material erosions of an individual's larder are no match for the huge government dam or the new, merciful, thousand-bed hospital. This is a one-sided contest between the seen and the unseen, with the things seen considered real while the unseen is dismissed as imaginary.

Supplying groups of the population with government pap as quickly destroys their capacity to fend for themselves as does the hand-feeding of squirrels. Men, as well as animals tend to regard any coddling as a right. Simply reflect on any of the thousands of special privileges granted by government, of more than a year's duration, and see if one can be discovered that is not already regarded as a right. How can it be otherwise if the collectivistic notion is accepted that government is the grantor of rights as well as the dispenser of privileges? The opponents of socialism are on weak ground if they rely on materialistic arguments against those who believe in their privileges as rights. The socialists bring "human rights" to their side; the adversaries only complain about pilfered pennies and dimes.

[5] Experiences of the past three decades support this contention. Many antisocialists have been certain of a common private property interest among the millions of insurance policyholders, shareholders, and homeowners. However, repeated attempts to organize them against socialism have come to naught. They simply will not coalesce along materialistic lines. Nor should we believe that wage earners have been brought together in labor unions by reason of monetary motivations. Their enormous memberships have been achieved by (1) coercion and (2) the conviction that the "benefits" they seek are rights. More obvious to many union members than to the rest of us is the fact that they do not make money by striking. These costly ventures, like their expensive union memberships, are either forced upon them or charged off to "gaining rights for the workingman."

A Moral Reorientation

Over the past fourteen years I have lectured at scores of meetings before audiences of nearly every type. In most of these lectures, I have expressed in materialistic terms the course our country is now on, and my conclusions – also in materialistic terms – have been actually frightening. Never once have my facts, the documentation, or the conclusions been challenged. Yet, in all these years, I have never witnessed a single individual who was moved away from his collectivistic notions by reason of a fear of what the future held for him

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

materialistically.[6] The collectivist, communist, socialist, state interventionist – call him what you will – merely responds, in effect: "I will suffer any indignity for my faith!"

However, during these years, I have noted countless individuals who have made the ideological switch from collectivism to freedom. In every case, where diagnosis has been possible, the individual made the switch because he had grasped, for the first time in his life, the right and wrong of it all. The experience was a moral reorientation!

The materialistic argument has only the force of shouting, "Fire!" or "Man overboard!" It can compel attention. And there, it seems, its usefulness ends. If, after getting attention, one cannot advance the moral argument, he may only add to the state of confusion – like not being able to point out where the exits are, or not knowing how to conduct a rescue operation.

Adherence to Principle

It is only in the moral realm that socialism's antagonists – freedom's devotees – can find any common ground for concerted or unified effort. Where we can make no impression at all over the personal loss of 30 cents, or any multiplication of small change, we can win agreement on the point that there is no difference in principle between the forcible extortion of 30 cents and the forcible extortion of one million dollars. One is misappropriation as well as the other. The distinction is one of degree, not of kind. To violate the principle, even minutely, is to compromise the amount but not the principle. The principle is surrendered, regardless of amount. To forswear allegiance to honesty and integrity – the principle here at issue – is to destroy the moral underpinnings without which no good society can endure.

Legalizing the forcible extortion of the citizens' resources does not alter the morality of the act. It merely absolves the offender of his crime – in the eyes of the legal apparatus! Not in the eyes of one's Maker! Absolution by the State has meaning only if it be conceded that man's rights to life and

---

[6] The material needs of Americans are satisfied to an unprecedented degree. This explains, in part, why appeals to material well-being are so futile. Douglas Murray McGregor of Massachusetts Institute of Technology has this to say: "Man is a wanting animal – as soon as one of his needs is satisfied, another appears in its place.... Man's needs are organized in a series of levels – a hierarchy of importance.... Man lives for bread alone, when there is no bread. . . . But when he eats regularly and adequately, hunger ceases to be an important motivation.... A satisfied need is not a motivator of behavior!" See *The Management Review*, November 1957.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

liberty are endowments of the State, that is, are endowments of those quite ordinary human beings who succeed in attaining political office. That these people are the source of rights is no more valid than the divine-right-of-kings thesis. It is only the modern way of rendering an old world fallacy.

Inalienable Rights

Once we accept the only alternative to state omnipotence, namely, that man is endowed by his Creator with certain inalienable rights, we cannot, logically, grant to government any powers which do not pre-exist in the individuals who organize it. These rights of the individual in relation to others, when viewed personally, are fairly clear and need little in the way of elaboration.

No sane farmer, in his capacity as an individual, would dream of forcibly collecting from all citizens a sum of money as payment for not growing wheat. No respected resident of Dallas would think of going about the country coercively collecting funds for a Dallas hospital, regardless of how urgent the need. No thoughtful businessman would try to keep customers by personally forcing a competitor to raise his price for the same product. No wage earner with any sense of justice would, on his own, forcibly deny the right of another wage earner to any job connection peaceably agreed upon. No sensible individual would have the effrontery to impose his personal idea of a minimum wage or maximum hours on a nation's citizenry.

Moral standards for individuals, fairly well established by all the world's moral and ethical systems, find no reasonable sanction for modification by individuals acting concertedly, whether organized as governments or labor unions or trade associations. No new rights come into existence by collectivizing two persons or a million of them. If this is not a correct conclusion, then, pray tell, what is the magic number at which new rights originate?

Self-Discipline Required

The above is only suggestive. It has been set forth merely to stake out the area in which each of us should strive for perfection. For it is only in moral philosophy — the study of right and wrong, a qualitative discipline — that the case for freedom and the rights of man can be won. Short of a growing effectiveness in this area, we are committed to a continuance of the present course. The only end to this course of governmental expansion and its ever-penetrating tax take is, as history seems to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reveal, either atrophy or revolution.

It is only when we understand that government can have no rightful powers of control, over and beyond the powers that inhere in individuals as moral rights, that we can clearly recognize the proper limitations of the State. With this recognition will come the trimming process: government reduced to the enormously important function of *securing* the rights of man. Limited to this role – its only competence – government will become an aid, not an ailment; a bargain, not a burden. Taxes will then be a matter of relative unimportance.

Summarized, this paper insists that the only way to reduce taxes is for each devotee of liberty to become, as best he can, a moral philosopher. Too difficult? Only if the Golden Rule, the Ten Commandments, and the Declaration of Independence are beyond one's scope!

Reprints available: 10 for $1.00.

IDEAS ON LIBERTY

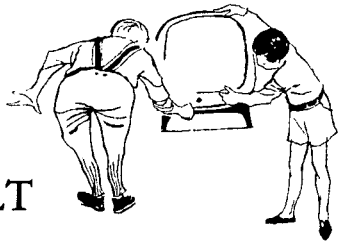
The Problem of Poverty

A COMMUNITY which lacks the thrifty type will soon drift back into savagery whence it sprang. . . . The distinct trait of the savages, as has been shown, is to live without thought or provision for the future. They are much like animals – they eat their fill as soon as they catch their prey, then sleep until they get hungry, then starve until they make another catch. It cannot be too often repeated that he who lacks sense enough to save, lacks the fundamental requisite for enabling him to lead a civilized life, and for sustaining personal independence. The seed of success is not in him. He is, and will remain, an inferior and a dependent.

But the contrary doctrine is frequently defended. So many treat thrift as a vice and prodigality as a virtue. Spend, it is argued, "spend until it hurts"; it is the spender that keeps the wheels of industry moving; the more one consumes, the more does he stimulate production. It is the slogan of the super salesman. Whether anyone really believes in this philosophy or not, it has afforded an excellent excuse for prodigality, both in private and public economy. . . .

JOHN RUSTGARD

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



FAIR SHARES IN THE WHEAT BELT

or — INTERVENTIONISM ON THE PLAINS

It was a sunny afternoon
At story-telling time.
Old Kaspar puffed a long cigar
And sipped his rum-and-lime,
While Peterkin and Wilhelmine
Looked at the panoramic screen.

They saw the rolling countryside
Below the setting sun,
Where many red and white men died
Before the West was won —
When cowboys rode across the plains
And robbers stalked the wagon trains.

But where the scalping parties lurked
In days of long ago
Were furtive men with glasses trained
Upon the fields below,
Where tractors moved across the plain
Among the strips of growing grain.

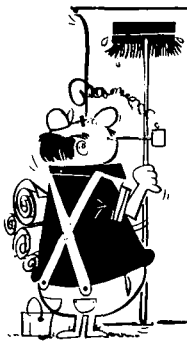
"Now tell us what it's all about!"
The little children cried.
"It is the Federal Crop Control,"
Old Kaspar then replied.
"It regulates the wheat supply
To keep its market prices high.

"The men with glasses on the hills
Are checking off the plots
To see that farmers plant no more
Than Washington allots.
The Planners take the greatest care
To grant to each his proper share."

"It seems a very perfect Plan,"
Said little Wilhelmine.
"It does indeed," Old Kaspar sighed,
"The best in seventeen.
But still we need some more, I hear,
To solve the Surplus problem, dear."

H. P. B. JENKINS
Economist at Fayetteville, Arkansas

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



UNION POWER AND GOVERNMENT AID

SYLVESTER PETRO

UNION POWER over the last sixty years has varied in accordance with the privileges and immunities which governments in this country have given trade unionists. One is tempted to go further and say that government has responded to more or less clear shifts in public opinion. But the situation is more complicated than that.

The problem of ends and means is universal in political economy. Though there may be agreement concerning ends, policy judgments all involve choices among *means*. A proper choice of means requires a degree of knowledge and sophistication far beyond that which the general public possesses. These limitations rule any discussion of the role of public opinion. One may say that opinion rules all governmental action, but the problem is – whose opinion? – and how?

Union Membership: 1897 - 1959

As a logical matter, union membership and union power need not necessarily vary in direct proportion with each other. Quite the contrary is possible – union power might increase while membership declined, or vice versa. There are other problems of definition. In the abstract, union power might be defined as the capacity of unions to gain their ends. More concretely and realistically, it means the ability of unions to extract immediately from employers and ultimately from society and the consumers a greater return for the efforts of union leaders and members than a free market would accord them.

Dr. Petro is Professor of Law at New York University School of Law. For an elaboration of his suggestions on putting the principles of freedom to work in labor relations, see *The Labor Policy of the Free Society* (New York: Ronald Press, 1957).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Power so defined will vary from union to union, so that gross membership of all unions does not necessarily correspond to the total power of all unions. Yet, as will appear more clearly later, there is a definite relationship between union membership and union power. Growth of union membership and increase of union power come from the same source: special privileges and immunities granted by governments.

Union membership has grown in this country from 440,000 in 1897 to 17,024,000 in 1959. The 1959 figure includes all AFL-CIO unions and all independent national and international unions with reported U.S. membership in excess of 100,000. Canadian members are excluded.

It will not do, however, to notice only the extremes. Significant insights are to be derived from looking at what happened in between:

1910	2,116,000 members
1915	2,560,000
1920	5,034,000
1925	3,566,000
1930	3,632,000
1935	3,728,000
1936	4,164,000
1937	7,218,000
1938	8,265,000
1939	8,980,000
1940	8,944,000
1941	10,489,000
1942	10,762,000
1943	13,642,000 members
1944	14,621,000
1945	14,796,000
1946	14,974,000
1947	15,414,000

Not much has happened since 1947. While unions today claim, as has been noted, a total membership of 17,000,000, even if that claim is credited the figure would suggest that union membership as a percentage of the labor force has lost ground in the last thirteen years.

Certainly there has been a great preoccupation among the top men of the AFL-CIO over the fact that unions have at best, from their point of view, stood still, and at worst seriously lost ground since World War II ended. If newspaper stories are to be credited, there was much head-shaking amid the palms at Bal Harbour, Florida, in February, where the dedicated men of the AFL-CIO met to ponder their problems. A story by Mr. A. H. Raskin in *The New York Times* (Feb. 10, 1960, p. 16) quotes John W. Livingston, the federation's organizing director, as attributing the sad situation to "ferocious attacks" by employer groups and "labor's" inability to overcome internal feuds. The unionized sector is supposed to represent only 39 per cent of the organizable potential today – as against 40 per cent in 1955. Plans

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to combat the decline include stepped-up organizing and a vigorous approach to the resolution of interunion rivalries.

Governmental Action or Inaction: Relationship to Union Growth

If the conclusions I have derived from study of our labor law history are accurate, these measures are not likely to prove effective without positive government assistance and connivance. For nothing emerges more clearly and convincingly from that history, in my opinion, than the conclusion that unions unaided by government cannot induce substantial numbers of the working force to become and to remain members. They need compulsion and coercion in order to get and keep great numbers of members, and these they can exercise only when government does not do its basic duty to society.

I could be wrong on this, although I think I am not. But even if unions can induce great numbers to become members, without special privileges of compulsion and violence they can get no better wages and working conditions than the free market would provide. If that is true, I cannot see why they should be successful in keeping great numbers, if we as a nation deny unions the privilege of compulsion.

The essential basis of the general conclusion can be stated briefly and simply: during the period when the laws of the land were applied with some rigor to trade-union action, unions made little or no net progress in enlisting and keeping members; they about kept pace with the growth of the labor force. But when all branches of government came to the assistance of the unions, their membership growth was dramatic. Then, when law and its administration became a little more even-handed, unions were once again unable to achieve any material growth.

The key period in union growth covered the years 1935-1945, and more particularly 1936-1940 and 1942-1943. But before exploring the relevant events of those periods it will be well to broaden the perspective. We shall not be able properly to evaluate the governmental conduct of those key periods unless we have some basis of comparison.

Government and Unions: 1800-1917

From the beginning of our history as a nation till World War I, trade unionism was viewed by law and government as no different from other forms of voluntary association. Today's orthodoxy, although it is losing some of its dogmatic confidence, continues to insist that trade unions were dealt with unfairly by the common law,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and by state and federal governments. But this position rests upon mere assertion. The fact is that government, even with the best will in the world, has always had trouble applying the laws of the land to trade union action. At common law, unions were not considered suable entities and could therefore not be reached by ordinary suits at law. Violence has always been a feature of trade union organization and collective bargaining, and local police have always had an extremely difficult time keeping the peace in labor disputes.

Perhaps unions should have been outlawed as criminal conspiracies, but, current orthodoxy to the contrary notwithstanding, neither the common law nor legislation actually did so. Hence unions as such were allowed to survive in spite of their having committed the most viciously antisocial kinds of acts. Indeed, Eugene Debs was virtually canonized even in his own day, although he was guilty of the worst kind of defiance of law and order.

Still, it was pretty well understood, at least among the responsible members of society and of government, that trade unions had no special privilege to violate either the basic laws of civilization or the rules and principles of the common law. There was a good deal of uncertainty among common-law courts as to just where the line ought to be drawn as regards such forms of monopolistic coercion as the closed shop, secondary boycotts, and stranger picketing. But that uncertainty existed, I believe, because of the essential difficulty of the legal problem – not because the courts were intent upon providing special privileges for union coercion. The important thing was that there was no uncertainty at all as regards the impermissibility of outright violence. Courts were firm on that issue, and even the police and the politicians were of the view that a man was not entitled to use violence merely because he was a trade union officer or agent.

Almost equally important, the common-law rights of employers were still intact. They could refuse to hire a man because he was a union member; hire him only on condition that he refrain from union membership; and fire any employee for joining a union. Employers could also refuse to bargain with unions, just as they could refuse to bargain with any other person or agency.

Beginning in the 1890's and continuing into the 1930's, trade-union expansionism also had to contend with the antitrust laws. These laws did not explicitly or directly limit monopoly-type coercive organizing techniques, but in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

putting limits upon certain kinds of secondary boycotts they did have an indirect effect of that kind, for secondary boycotts have always been used mainly as organizing devices. While the antitrust laws did not apply to union violence, they did constitute a limit upon industry-wide strikes where it could be shown that the intention was to affect market prices.

To sum up on the conditions existing till roughly World War I, one may say that unions were in the same position, legally, as all other self-interest groups. We might call this the period of free competition. Unions had no special privileges or immunities. They could use some forms of monopolistic coercion in order to compel membership and bargaining. But the government did not do their organizing for them, and it did not force any employer to bargain with them. Perhaps even more important, employers still had intact the freedom of contract which was so essential a feature of the common law scheme of things.

Today we consider it vital that as purchasers we remain free to break off relations with any seller who does not suit us. This, we recognize is what keeps businessmen serving the public, rather than exploiting it. In those days it was considered equally vital that the purchasers of labor have a right to break off relationships with unions when they proved unreliable or exploitative suppliers of labor. The famous *Hitchman Coal* case, which held that employers had a constitutional right to condition employment on a promise by employees not to join unions, was perhaps the clearest expression of the then prevailing policy.

In this period of what I have called "free competition," trade unions survived and even grew, but their growth was anything but spectacular. By 1917 they had gained a membership of less than three million (2,976,000).

Government and Unions During World War I

From 1917 to 1920 unions grew to a little over five million members. In 1914, however, a significant event had occurred. Devoting serious effort to political action, unionists achieved a substantial success when Congress passed the Clayton Act, in 1914. The Clayton Act did not, in fact, free unions from the strictures of either the Sherman Act or the equity powers of the federal courts. As regards both, the legal situation changed not at all, for the Supreme Court in the *Duplex* and the *Tri-City* cases held that the Clayton Act was merely declaratory of existing law. And yet merely securing the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Clayton Act was a substantial success. Moreover, it originated a pattern of thought and action, especially in Congress, which continues to this day: a predisposition to deal very gently with union petitions and complaints.

Another familiar pattern was set in the early days of World War I: Unions utilized the emergency in order to exact concessions from the nation.

Professors Harry A. Millis and Royal E. Montgomery have long been identified as friends of the "labor movement." We may assume that their account of the policies adopted during World War I was not distorted by a bias against unions. In their carefully researched book, *Organized Labor* (McGraw-Hill, 1945), they reported quite candidly that the AFL leaders conditioned their support of the war effort on the government's recognition of "the organized labor movement as the agency through which it must cooperate with the wage-earners." (p. 136) The government agreed. When it began organizing the various bureaucracies which were to run the country during the war, the government accorded suitable recognition to Mr. Samuel Gompers and his associates in the "labor movement." They were key figures in the Council of National Defense, the Emergency Construction Board, the Fuel Administration, the powerful War Industries Board and other such agencies. (p. 138)

In this period the basic features of the Railway Labor Act and the Wagner Act were conceived: compulsory collective bargaining and protection of workers against discharge for union membership. Compulsory arbitration was not used during World War I, but the government's mediation agencies, counting trade-union leaders among their members, paid due regard to union demands. Millis and Montgomery sum up the situation: "Organized labor made only one real concession – relinquishment of the right to strike – but it made this concession in general terms, with no penalties attached. In such a setting, the trade union growth that has already been summarized was almost inevitable." (p. 139)

Incidentally, the unions did not honor their no-strike pledge during World War I any more faithfully than they did during World War II.[1]

[1] There were 3,789 work stoppages in 1916, in 1917 there were 4,450, and in 1918 there were 3,353. Taking the years 1935-39 as base years with an index of 100, 1916 shows up with an index number of 132 for work stoppages and 142 for number of workers involved; 1917 shows up with 155 and 109, respectively; and 1918, 117 and 110. These levels were not attained again till 1937, the year in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Lest accurate perspective be lost, special emphasis should be laid upon the fact that during World War I, while government lent administrative aid and prestige to the unions, the basic legal structure remained unchanged: neither statutory nor common-law principles were modified. When the war ended, the basic rules of the competitive society once more became applicable. Probably for this reason, union membership declined after the war ended, and remained down for the next fifteen years.

Government and Unions: 1920-1935

Total union membership fell from 5,034,000 in 1920 to 3,728,000 in 1935. Some have suggested that the depression caused this drop, but that explanation is unacceptable. Actually, union membership remained steady at about 3,500,000 from 1923 on, having fallen from 5 million in 1920 to 3,629,000 in 1923. The real explanation, I feel, lies in the fact that government was giving unions no great assistance during the years 1920-1935. The implication is that without such special assistance unions could not keep more than about three and a half million members enrolled.

While government aid to unions was limited in this period, it will not do to neglect the steps which were taken in the direction of special privilege. Two were especially significant. The first of these was the enactment of the Railway Labor Act in 1926, establishing for the first time the statutory principles of protection of union membership and of compulsory collective bargaining between employers and the majority representatives of their employees. The second was the Norris-LaGuardia Act of 1932, which made it virtually impossible for employers to secure injunctive relief in the federal courts against monopolistically coercive union boycotts, and extremely difficult to secure such relief from even outright union violence.

Both statutes contained latent features which were in the succeeding years to transform conditions in labor relations. The elemental compulsory bargaining principles of the Railway Labor Act were to become the framework of the Wagner Act. The restric-

which the Wagner-Act policies took hold. And after 1937, till 1941, work stoppages and number of workers involved did not come near what the unions achieved during World War I. However, they surpassed their old record of wartime strikes for two of the years of World War II (for 1944 and 1945 the figures were 173 and 188 and 166 and 308, respectively). The other years, 1941-43 averaged about the same in terms of number of work stoppages, but substantially higher in terms of number of workers involved (1941: 150 and 210; 1942: 104 and 75; 1943: 131 and 176). (Bureau of Labor Statistics figures)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tive features of the Norris Act were to produce antitrust exemptions for unions. Perhaps even more important, in taking away the jurisdiction of the federal courts the Norris Act established the pattern which was to make labor relations an administrative law field, with the National Labor Relations Board the dominant agency. From this a great many serious and untoward consequences flowed. But these were to be realized only in the years after 1935. Till then, neither the Railway Labor Act nor the Norris Act provided enough special privilege for unions to achieve any dramatic growth.

Government and Unions: 1935-1947

Between 1935 and 1947 unions achieved the goal of every special interest group: a full, even overfull, complement of legal rights and privileges – with no corresponding legal duties. As already noted, they did very well in terms of membership gains. From a membership of 3,728,000 in 1935 they acquired a membership of over 15,000,000 in 1947. The dramatic character of this increment can be appreciated only when one sets it against a near-stable membership of under four million for the preceding thirty-five years.

Every branch of government came to the assistance of the unions during this period. Legislatures, state and federal, gave them favorable laws. Administrations, especially those of the national government, enforced these favorable laws well beyond the hilt. And the Supreme Court of the United States not only went along with distorted interpretations of already unduly favorable laws, but also established constitutional privileges for such coercive union action as picketing. The favoritism did not diminish during the emergency years of World War II. On the contrary, it tended to expand. Unions did little to hide their intentions to profit from the emergency. I think it is not a distortion to say that, although union leaders talked a great deal about patriotism, they did not act the part of patriots.

Fundamentally what happened in the years 1935-1947 is that most of the effective free market checks to forced union growth were destroyed at the same time that the most effective legal restraints upon aggressive and compulsory unionism were removed. To put it another way, peaceful and lawful resistance to unionization was prohibited in one way or another, while violent and unlawful action by unions went substantially unchecked.

Free market checks to expansive unionism can come from two

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sources: (a) employees who prefer not to join unions, and (b) employers who find that dealing with unions is neither an effective nor economically feasible method of solving their personnel problems. The Wagner Act of 1935 did not completely abolish either of these checks, but it impaired them considerably. If a majority of employees in an appropriate bargaining unit voted in favor of union representation, the minority was left with no choice other than to accept the union as exclusive bargaining representative. When one realizes that the selection of the appropriate bargaining unit was left to the almost unhampered discretion of the National Labor Relations Board – and that the Board thought its duty was to carve out the bargaining unit which was most likely to result in the election of a union – one is likely to conclude that a great deal of gerrymandering went on. That conclusion is affirmed by examination of the cases.

After a union was certified as exclusive bargaining representative the employer was under a duty to bargain with that union – and with no other – on all matters relating to wages, hours, and other terms and conditions of employment. The employer did not have the choice which a free market makes available to all other purchasers; he could not shop around; he had to bargain with that one agency. Thus it is proper to refer to the union's position as a monopolistic one. And the results to be expected from all such monopolies were forthcoming in labor relations. Unions abused their position.

Violence Tolerated

Unfortunately, the monopolistic privileges of unions did not end there. Legally, an employer could refuse to make the concessions sought by the exclusive bargaining agent. Moreover, if the bargaining agent called a strike in order to reinforce its demands, the employer had a legal right to attempt to keep his plant operating by hiring replacements for the strikers. The law has always provided, too, that a union could not use violence during strikes as a means of blocking the access of struck employers to the labor market. As a practical matter, however, owing to faulty and inadequate enforcement of the laws, unions had a virtual privilege to commit violence. The sitdown strikes are a memorial to some of the blackest days for law enforcement in the history of the country. The tenor of the thirties is nowhere more clearly symbolized, in my opinion, than in the history of Frank Murphy's career. As Gov-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ernor of Michigan it was his sworn duty to prevent the violence and the sitdown strikes of the UAW. He flouted that duty. He was rewarded, not punished, for that dereliction. Franklin Delano Roosevelt appointed him a justice of the highest court of law in the nation after he had been guilty of cynically abusing the law of the land. As a justice of the Supreme Court, one of Mr. Murphy's most notable opinions was the one in Thornhill *v.* Alabama (1940), where he held in effect that a coercive union act, picketing, was entitled to the protection of the Constitution of the United States as a form of freedom of speech.

The favorable-to-unions legal climate was not limited to the removal of the checks which employers and nonunion employees might pose to expansive and aggressive unionism. The Norris Act had been on the federal statute books since 1932, preventing federal courts from granting injunctive relief to beleaguered employers and employees. There were similar statutes in most of the states, especially the more industrialized states. Toward the end of the thirties and early in the forties the Supreme Court interpreted the Norris Act as in effect canceling the application of the antitrust laws to monopolistically coercive union activities. The picketing-free speech doctrine in a rough sort of way tended to free the unions from state laws prohibiting picketing and boycotts. Thus, at the same time that the Wagner Act preached in terms of majority rule, the absence of all checks upon picketing and secondary boycotts operated to give unions an unimpeded right to force themselves upon unwilling employers and employees even where none of the employees desired representation. The same immunity made it possible for unions to have their way more often than not in disputes with employers over substantive terms and conditions of employment.

With Government Aid

If the strong unions were in a position to extend their organizations to the limit, nobody should be surprised. And if they had the strength to impose almost any terms and conditions they pleased, nobody should be surprised, either. They had acquired a privileged monopoly and they did not intend to let it go unused. Let me remind the reader that union membership grew from 3,728,000 in 1935 to 10,489,000 in 1940. The surprising thing is that these highly privileged organizations did not manage to unionize every employee during that period.

Enrolling union members is one

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

thing; keeping them on the membership rolls is another. Apparently this was the great problem of the union leaders during the war years. Their efforts during 1942-1945 seemed to be directed most vigorously toward inducing the National War Labor Board to help them organize employees and then, by way of the maintenance of membership device which the WLB evolved, to keep them paying dues. Millis and Montgomery report in *Organized Labor* that as time wore on the WLB granted "union security" to all unions which requested it, except where the "requesting union failed to demonstrate its responsibility in adhering to the no-strike pledge." (p. 764) In blunter language, the government bought the loyalty of the union leaders by compelling employees to maintain their union membership.

It seems permissible to infer that the WLB proved exceedingly serviceable to the unions during the war, for there is a remarkable jump in union membership from 1942 to 1943. In the years preceding as well as in those following 1942-1943, the growth is nothing like what occurred in those years. From 10,489,000 in 1941, unions grew to only 10,762,000 in 1942. But by 1943 the figure jumped to 13,642,000. Then the growth rate, while still significant, slipped a little from 1943 to 1944, when the total membership has been counted at 14,621,000.

There has been no really marked union growth since then. In that fact lies the basis for some really interesting reflection. Why have unions stopped growing since roughly the end of World War II?

Government and Unions: 1947 to Date

The easy answer would be that the Taft-Hartley Act, enacted in 1947, *did the job*. But I am dissatisfied with such an answer. At the very least it is necessary to note that there has been other legislation, especially on the state level, which like the Taft-Hartley Act has taken a stand against compulsory unionism. The right-to-work laws are perhaps the most significant. But even when one adds to Taft-Hartley all the state and local laws designed to cut down the privileged coercion which unions enjoyed well into the forties, the fact remains that both national and state legislation has been by no means vigorously enforced against unions. My book, entitled *How the NLRB Repealed Taft-Hartley*, records my opinion that the Taft-Hartley Act was by no means faithfully applied. The opinion is common, moreover, that the right-to-work laws have not been widely respected. Finally, a good many of the special privileges

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which unions enjoyed prior to Taft-Hartley they enjoy equally today – as, for example, exemption from the antitrust laws, and the privilege of stranger picketing which the Supreme Court's pre-emption doctrine affords.

If unions have stopped growing even though they still enjoy special privileges from government, does it follow that the special privileges did not account for their great growth in the thirties and early forties? I think not. The most important fact to bear in mind here is that government has not since 1947 – and earlier in some states – been single-mindedly on the side of the unions as it was during the preceding period. State and federal law now takes the position, subject to some qualification, that unions are no more justified in coercing people into unions than employers are in coercing them out of unions. Union restraint or coercion of free employee choice is just as illegitimate as employer coercion of that choice.

A Change in Attitude

This limitation on aggressive union organizing is supplemented in national and state policies by measures which reinvigorate the most effective free-market checks to expansive unionism: those posed by employees and employers unwilling to submit to union domination. Employees are declared to have the right to refuse to join unions or to participate in concerted activities; employers have had restored their right to combat unionism with statements of anti-union opinion – so long as they do not contain threats of reprisal or force or promises of benefit.

Even though the new restraints upon union aggression have not been enforced as vigorously as they might have been in all cases, they have still had a substantial effect. One need only review the decisions of the National Labor Relations Board and of the state and federal courts over the last thirteen years in order to see that aggressive unionism has frequently encountered legal restrictions. In thousands of cases during that period unions have been prevented by the law from imposing their will upon unwilling employees and resisting employers. The Taft-Hartley Act and similar state legislation have not broken unions or reduced them significantly in size and numbers, but it seems clear that they have had a braking effect. Many types of picketing and boycotting have remained privileged; much violence has continued. But numerous instances of each kind of aggression have been hindered or completely prevented. And this fact, I con-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

clude, has mainly accounted for the observable halt in union growth.

There have been other, closely integrated causes. As a general rule it seems to be extremely difficult for large organizations to maintain great growth rates after a certain point has been reached. Accretions seem to become progressively more difficult. The easiest segments of the working force were organized first; now the difficult ones are left. If one must organize the more difficult ones with fewer effective instruments than were available when the easier ones were brought into the fold, the results are not likely to be so good.

Public Opinion Modified

Finally – concurrently with law changes and the phenomenon just noted – public opinion at every level has changed. The common working men, the professional men, political figures, even academic intellectuals have come to a more realistic opinion concerning unions. Many continue to feel that unionization is "good for the country," that unions are needed in order to keep employers from abusing workers. But very few people today are of the opinion that unions can do no wrong, perhaps workingmen least of all. With "public opinion" so oriented, it is too much to expect that all the special privileges which unions enjoy will be repealed in the near future. However, courts and administrators are more likely under these conditions to apply the existing law fairly and accurately to unions; and in those cases where legislation is not entirely clear, one may reasonably expect that they will not favor an interpretation which adds to union privileges, as they did so often in the past.

If public opinion, speaking generally, at once holds unionism a "good thing" but distrusts union leaders, the immediate legislative results are likely to be neither clear-cut nor healthy. One may expect the same kind of fragmentary, incoherent legislative approach which has occurred in connection with the regulation of business. In fact this process has already begun. I contended in an article in *National Review* (March 26, 1960) that the Landrum-Griffin Law is bad legislation, bad in detail and unwholesome in general approach. It takes the government further along the interventionist path, and its detail is so complex as to be incomprehensible at points. The same thing can be said of much business regulation – most notably, perhaps, the Robinson-Patman Act.

If we continue along the route

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

marked by such legislation as Robinson-Patman and Landrum-Griffin, we shall, I believe, eventually break down in one way or another. We shall either strangle ourselves in bureaucratic red tape, corrupt our bureaucracy so that we can get something done, or so hamper the activity of our private associations that full socialism will seem the only reasonable way out.

Return to a Free Market

The realistic alternative is to rid ourselves of special privilege and the companion welfare-state idea that government is an all-purpose device fit to solve all our problems. In order to do this it is necessary to refute all totalitarian ideas, whether of the Marxian or Keynesian varieties, and to take up again the development of free-market principles with a full understanding of the theory and practice of the free society.

Although Marxism and New Dealism have enjoyed great victories in the past generation, the strange fact is that the theory of the free society has, although very quietly, made great strides during the same period. Those who wish to promote free enterprise will do well to acquaint themselves with the great literature of the free society, not only of past centuries, but of this one as well. Some of the best of the current literature is to be found in the writings of Friedrich Hayek, Henry Hazlitt, Ludwig von Mises, and Wilhelm Roepke. But there has been much more, as perusal of Henry Hazlitt's bibliography, *The Free Man's Library*, will demonstrate. Further improvement in the climate of labor relations can come only as individuals better understand, explain, and practice in their daily living the economic and moral principles of the free society.

IDEAS ON LIBERTY

A Study in Numbers

E. I. DU PONT DE NEMOURS & COMPANY, INC., was owned by 219,375 stockholders as of March 31, 1960.

The company has approximately 86,000 employees of whom about 46,600 are stockholders.

News release of April 13, 1960

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In Defense of LIFE and PROPERTY

EDITOR'S NOTE: *When production employees, represented by Local Union No. 6 of the United Packinghouse Workers of America, called a strike on October 29, 1959 at the Albert Lea, Minnesota plant of Wilson & Co., Inc., the company undertook to continue operations with some of its supervisory and maintenance employees. Later, the company began to employ new workers to displace strikers refusing to return to work. Despite an order by the district court of Freeborn County enjoining the union from interfering with free access to the plant, picket lines had increased by December 10 to an estimated 1,000 or more persons, with threats and acts of violence reported.*

Early on December 11, 1959 the law enforcement officials of Albert Lea and of Freeborn County requested Minnesota Governor, Orville L. Freeman, to assume responsibility for law and order in the city and county and to temporarily close the Wilson & Co. plant. That same day the governor proclaimed martial law, closed the plant, and until further order suspended jurisdiction over the case by local courts.

Wilson & Company thereupon appealed, contending that Governor Freeman's order of martial law should not include closing the company's packing plant. Their cause was heard on December 16, 1959 at Minneapolis before a statutory court comprised of United States Circuit Judge John B. Sanborn and United States District Judges Edward J. Devitt and Gunnar H. Nordbye.

Portions of their ruling, as here presented, should be of interest and concern to all who believe in the right to life and property under law.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NO ONE will disagree that a serious situation existed at or near plaintiff's plant at Albert Lea when strikers and their sympathizers sought by mob violence to prevent some 300 persons from carrying on their lawful employment with plaintiff.

Obviously, however, plaintiff was within its rights notwithstanding the strike in attempting to keep its plant in production and to afford employment to those persons who were willing to work.

Plaintiff is protected by the Constitution of the United States in its right to possess its property and to use it in any lawful manner that it may desire to pursue. Plaintiff cannot be held responsible for mob violence which was allegedly precipitated by its attempt to keep its plant open.

A strike by union workers does not prevent the employer from employing nonunion workers in its plant. That the laws of Minnesota are enacted for the express purpose of curbing violations of law of the kind herein recounted is clear from the following statutes:

"When three or more persons, having assembled for any purpose, shall disturb the public peace by using force or violence to any other person or to property, or shall threaten or attempt to commit such disturbance, or to do any unlawful act by the use of force or violence, accompanied by the power of immediate execution of such threat or attempt, they shall be guilty of a riot." M.S.A. (Minnesota Statutes Annotated) 615.02.

"When three or more persons shall assemble with intent:

"To commit any unlawful act by force;

"To carry out any purpose in such a manner as to disturb the public peace; or

"Being assembled, shall attempt to threaten any act tending toward a breach of the peace or an injury to persons or property, or any unlawful act —

"Such an assembly is unlawful, and every person participating therein, by his presence, aid, or instigation, shall be guilty of a misdemeanor." M.S.A. 615.04.

"Every person who shall remain present at the place of an unlawful assembly, after having been warned to disperse by a magistrate or public officer, unless as a public officer or at the request of any such officer he is assisting in dispersing the same, or in protecting person or property or in arresting offenders, shall be guilty of a misdemeanor." M.S.A. 615.05.

"Every person who enters into a combination with another to resist the execution of any legal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

process or other mandate of a court of competent jurisdiction, under circumstances not amounting to a riot, shall be guilty of a gross misdemeanor." M.S.A. 615.07.

"Every person who shall... throw any deadly missile, in a public place, or in any place where there is any person to be endangered, although no injury actually results, shall be guilty of a misdemeanor." M.S.A. 615.09.

"Any person who shall use in reference to and in the presence of another, or in reference to and in the presence of any member of the family of another, abusive or obscene language, intended, or naturally tending to provoke an assault or any breach of the peace, shall be guilty of a misdemeanor." M.S.A. 615.15.

At the time the governor declared martial law, the local government of the city of Albert Lea and the county of Freeborn was functioning. The courts were open, the citizens were moving freely in and about their daily pursuits without danger, except those who desired to continue with their work for plaintiff.

The district court of Freeborn county had issued restraining orders against mass picketing and violence, and contempt citations by reason of the violation of such orders had been set for hearing before the court, but without any attempt to call out the national guard in aid of the civil authorities in maintaining peace and order in the suppression of mob violence, the governor summarily declared martial law for the city of Albert Lea and the entire county of Freeborn.

The rights of the courts to proceed against members of the mob by way of contempt were enjoined. The workers who desired to return to their work at the plant were forbidden to return, and plaintiff's right under the federal constitution to operate its plant was abrogated by the decree of the military.

Proceed Cautiously

We are not unmindful of the discretion which must necessarily rest in the governor of a state in determining whether martial law, with the resulting deprivation of constitutional rights, shall be imposed upon any community. Moreover, we recognize that courts should proceed cautiously before interfering with the acts of a governor of a sovereign state in determining that martial law is necessary in the state of which he is the chief executive and commander-in-chief of the armed forces of the state. We are also mindful of the necessity of pre-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

venting bloodshed and that property rights must at times be sacrificed in order to prevent the spilling of blood.

But a free people do not surrender to mob rule by the expediency of martial law until all means available to the city, county, and state to enforce the laws have proved futile. The imposition of the drastic action and the curtailment of constitutional rights of citizens of a state resulting from a declaration of martial law, cannot be sustained except in situations of dire necessity.

We are convinced that that situation has not as yet arisen in Freeborn county.

The governor possesses no absolute authority to declare martial law. Military rule cannot be imposed upon a community simply because it may seem to be more expedient than to enforce the law by using the national guard to aid the local civil authorities.

As this court stated in Strutwear Knitting Company *v.* Olson ....

"The state has no more important interest than the maintenance of law and order ... It is as much the duty of the state to protect property from destruction by mob violence and to preserve the liberty of the citizen to use his property lawfully as it is to protect the same property from theft or arson. No official intrusted with the enforcement of the law can select the laws which he will enforce or the citizens that he will protect. He has sworn to enforce all laws and to protect all citizens, and there is no escape for him 'from the paramount authority of the Federal Constitution.' ...

"The fact that a large group of individuals may have a grievance, just or unjust, against an owner of property will not warrant a resort to violence to remedy that grievance, nor will the hazard, inconvenience, and expense involved in suppressing the violence justify the state in refusing to enforce the law or in depriving the owner of his property or his right to enjoy it. To say that, because the lawful use of property will incite lawless persons to commit crimes and to destroy life and property, such lawful use must be suppressed, is to say that the will of a mob, and not the Constitution of the United States, has become the supreme law of the land."

But it is urged that the governor's judgment as to the measures necessary to be taken to suppress the mob should not be questioned by the courts and in absence of arbitrary, capricious conduct on his part in declaring martial law, the courts are impotent to stay his hand. However,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

there is an utter absence of any persuasive showing here that law enforcement could not be maintained in the city of Albert Lea and in the county of Freeborn by the national guard available to the governor in aid of the local authorities.

Moreover, we cannot subscribe to the principle or doctrine that a governor of a state may bow to the demands of a law-violating mob that a plant under strike shall be closed when neither the local nor state authorities have used all the means available to them to suppress the mob by invoking enforcement of the laws of the state enacted to be enforced under such circumstances.

Peace and order may be restored by acceding to the demands of the mob, but at the sacrifice of law. Such expedient measures would encourage and breed mob rule and law violations in every labor dispute. No citizen would be secure in the peaceful possession of his property.

By way of analogy, let us assume a situation that not infrequently arises in our country. Racial hatred, for instance, against so-called minority citizens moving into a community, with the resulting demand that such citizens leave the neighborhood, often incites mob action. If the violence could not be suppressed by local authorities, a governor could impose martial law and the military could issue an order that the innocent citizens leave the neighborhood because if they did so, peace and tranquillity would prevail.

Rights Surrendered

Lawlessness in this manner could be suppressed, but it would be obtained by compelling the victims of such lawlessness to surrender their constitutional rights so precious to all freedom-loving people.

It is entirely understandable that the local officials of the city of Albert Lea and the county of Freeborn when they met on the evening of December 10 were greatly exercised and concerned as to what might happen on the following day in light of the mob violence which had already taken place at plaintiff's plant, and that that concern prompted the promulgation of the petition to the governor for aid.

But when the military moved into the city on the morning of December 11, it must have been apparent that in this local labor dispute the state of Minnesota was not required to surrender to mob violence. Under the factual presentation herein, it would be a shocking reflection on the stability of our state government if the state could not quell the mob ac-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion in Freeborn county without declaring martial law and decreeing the deprivation of constitutional rights of those who are the victims of the lawlessness. . . .

A declaration of martial law connotes the disintegration of the local and state government which has been created to maintain peace and order under civil rule. Under martial law, all constitutional rights could conceivably be abolished.

There could be no freedom of the press, freedom of speech, freedom of assembly, freedom from unreasonable search and seizure, and all courts could be abolished except the military courts established by the military.

The abdication of our civil form of government to military rule, with the seizure of private property in contravention of federal constitutional rights, cannot be sustained on this record. ◆

IDEAS ON LIBERTY

There Must Be Freedom

THE MOST DRASTIC deprivation which any person can suffer is that of the freedom to utilize and enjoy the faculties which nature has given him and which his will and desire have developed. Keep a man from exercising his mind, his body, his faculties in the pursuit of his own wishes and delights, keep him from enjoying the fruits of his efforts – and you have done everything evil to him that you can. The greatest desire of each person, in short, is to be free to get the most he can out of life. There is no other way objectively to define social goals than to call them the sum of those individual goals which can be harmonized in society.

SYLVESTER PETRO, *The Labor Policy of the Free Society*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EDMUND A. OPITZ

THE TWO-FOLD CRISIS: Personal AND Social

IN THE FINAL ACT of Eugene O'Neill's play, *The Great God Brown,* the curtain opens to disclose a corpse on a couch. A policeman is standing by about to write something in a notebook with a stubby pencil.

"What's his name?" asks the cop.

"His name is Man," comes the reply.

"How do yuh spell it?" says the policeman.

Good question! How *do* you spell out what it means to be a man, or a woman, living in these days? This is not a question to be taken lightly, for the terms in which you think of yourself will determine in large measure the kind of person you will be, and the kinds of rewards life will offer you.

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education. This article is from a vesper sermon which he delivered at Beloit College in Wisconsin, March 6, 1960.

Do you think of yourself as a child of God? Do you think of yourself as a creature of the State? These are verbal symbols, and they have the power to shape your destiny in one direction or the other – depending on how you use them. You have to decide, and the decision is not an easy one.

Our grandfathers, in this respect, had an easier time of it than we. They may have been in error, but they were not in doubt. They were confident that they knew the secrets of the cosmos and the meaning of life; their churches gave them the answers. The old answers were good answers in their day, but nothing is more *passé* than answers to questions people are no longer asking. Is this actually the case in religion? Today's verbal symbols are different, but perhaps the same old hungers are still with us.

Herman Melville shipped out as

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a cabin boy while still in his teens. With him he took an old guidebook to English towns which had belonged to his father. The ship docked in Liverpool and, book in hand, Melville set out to explore the city. Alas, the city for which the guidebook had been written had changed beyond recognition; the old landmarks had vanished. He lost his way.

This is precisely the kind of situation where religion, some kind of religion, will step in to offer its services. It is the business of religion to help man get his bearings in this strange universe; to remind him that, although he is a creature and not the Creator, nevertheless he is not the plaything of capricious forces; that, in some measure, and with God's help, he can shape his own destiny.

But a doubt may intrude. Religious doubt did arise, as a matter of fact, and has been with us as a mood for a century or more. The doubter does not deny that traditional religion has been helpful to man in the past nor that it might be helpful to him today and tomorrow. All he says is that, as we now understand the universe, the kind of help religion once rendered is no longer available.

The premise behind this line of thought – prominent in the nineteenth century, but much less sure of itself today – is that science has explained the universe in purely naturalistic terms, dispensing with the hypothesis of God and thus with the need for religion. The modern mind, tutored by a smattering of science, is largely immersed in the view which conceives the world as a closed, interlocking system, self-contained, and operating according to unvarying rules which we can discover by experimentation.

Primitive Taboos

It seemed to many people that the new knowledge and power dispensed with the need for religion. And religion itself was partly to blame. At any given time primitive religion and religious superstition exist alongside of advanced and spiritual religion. These primitive elements came into acute conflict with modern knowledge. Real religion suffered by association. Primitive religion opposed the new knowledge merely because it was new; people accepted the new knowledge and came to regard all religion as irrelevant. The word "agnostic" was coined in 1869 to describe the prevailing attitude – the result of an unwarranted extrapolation from legitimate scientific inquiry. We had the tools to operate on the natural world, but no means of contacting a hypothetical supernatural world.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

And anyway, the new dispensation continued, no purpose would be served by making this effort; we are doing all right for ourselves without outside help. God is not just unknowable; he is also unnecessary!

Such a dubious conclusion might not be serious if religion were a thing confined to the churches. But it is not. Religion is coextensive with human life. Christianity, almost from the beginning, aspired – not to remain a sect – but to become a society. And, to a considerable measure, Christianity did become a society – Christendom. Over a period of many centuries the inner spiritual life of individuals was "in play" with the structures of their social life. This balance has now been seriously disturbed – where it has not been destroyed outright.

Christendom was some seventeen centuries old by the time the American experiment was launched. The men who shaped the American system were the inheritors of a great religious tradition – a triple strand woven of Hebrew, Greek, and Roman elements – and the American dream of a society of free men was largely a projection of that religion. This is how the original American equation got its built-in religious dimension.

A society is held together because its members share a common understanding of certain basic principles. There must be a consensus as to the object of ultimate concern – we call it God. There must be general agreement as to the relation between God and man, and as to the nature of man and his proper end. There must be a common understanding as to what constitutes justice, honor, and virtue.

Society Cradled in Religion

The source from which a society derives its convictions about these matters is its religion. In this sense, every society is cradled in some religion, Christian or otherwise. The culture of China is unthinkable without Confucianism; Indian society is the expression of Hinduism; Islam is composed of followers of Mohammed. In like fashion, our Western culture stems from the Judeo-Christian tradition; we are a branch of Christendom. As one of our editorial writers has said, "The United States is not Christian in any formal sense; its churches are not full on Sundays, and its citizens transgress the precepts freely. But it is Christian in the sense of absorption. The basic teachings of Christianity are in its bloodstream. The central doctrine of its political system – the inviolability of the individual – is the doctrine

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

inherited from 1,900 years of Christian insistence upon the immortality of the soul. Christian idealism is manifest in the culture and habits of the people. . . . The American owes all this to the Church. . . . He owes it to the leadership the Church provided in the founding, settlement, and political integration of his incredibly bounteous land."

In other words, our institutions and our way of life are intimately related to the basic dogmas of Christianity. From this faith we derive our notions of the meaning of life, the moral order, the dignity of persons, and the rights and responsibilities of individuals. Ours is, therefore, a religious society, but a society whose religious base is now badly eroded. We may feel the resulting dislocations on the economic and political levels, but they stem from a deep-rooted malady on the spiritual level.

As the religious man understands the universe, this natural world which we can see and touch is not the only order of reality. The natural world is grounded in a spiritual reality, which we cannot sense but whose reality may be corroborated by intuition, reason, or revelation. When man loses contact with this divine order, he will transfer his allegiance to mundane objects. The object of religious faith and idealism has always been a transcendent God; and the ultimate goal for man, as conceived by the religious vision, is the Kingdom of God. God is outside time, in eternity. The Kingdom of God, likewise, is not to be confused with some ideal human society which men might construct by the year 2000 or 10,000; the Kingdom of God is beyond history.

Brave New Worlds

But suppose man in his pride, out of touch with the sacred order, decides that a perfect society – a heaven on earth – is within his reach. For a time, at least, all the energy and idealism which he had put into his religion he puts behind the drive to construct a collectivist utopia, the brave new world. This is what has happened during the past century. "In an age prepared for by nearly 2,000 years of Christianity," writes Bertram Wolfe, "but in which the faith of millions has grown dim and the altar seemed to them vacant of its image, Marxism arose to offer a fresh vision. . . . History was to be given a new meaning, a new goal, and a new end in Time. . . . At last man would become as God, master of his own destiny, maker of his own future, conscious architect of his world."

The effort to fashion a homemade heaven on earth was a faith which gave meaning to the lives

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of many dedicated men. There is H. G. Wells, for instance, who wrote, at the turn of the century, "Socialism is to me a very great thing indeed, the form and substance of my ideal life, and all the religion I possess." This dream of a socialist commonwealth has materialized, but in so doing it evolved into totalitarian tyranny.

Science, also became a religion for many who believed that if man would apply scientific methods to society, he could create a utopia of wealth, power, speed, and comfort. This dream, too, has been largely realized, with fateful consequences. Science has given us power, but not purpose; it has put into our hands the means for our mutual destruction, but it hasn't given our lives meaning.

A Loss of Direction

These hopes and others to which men have pinned their faith have gone stale, and one senses an emptiness and loss of direction in men's lives, making for a twofold crisis. First, there is a personal crisis, whose resolution demands that we find the beliefs and convictions which will make our own lives meaningful. To this is coupled the social crisis of the free society. The free society is engaged in a two-front war in defense of its value: on the one hand, against totalitarian threats from outside its borders, and on the other, against collectivizing political encroachments from within.

In a word, the religious vision dims, and in consequence the social picture it once projected gets out of focus. If the original American equation had a built-in religious dimension, that equation will cease to balance as the religious factors are leached out of it. Individual liberty, equal justice before the law, the right to private property, respect for minorities, are all what might be called "second stage" ideas. Ideas on the primary level are religious convictions about man's inviolable soul, the sanctity of private conscience, and the belief that man's final allegiance is to God, not the State. Therefore, if we want to preserve our "second stage" ideas, we must rehabilitate their "first stage" religious foundation. If we attempt to bypass this fundamental step, we exhibit the folly of the woman who declared that she didn't fear the bread shortage because at her house they used toast! Unless you have bread in the first place, you won't get toast in the second!

Rehabilitating Our Religious Heritage: A Job for Churchmen

How do we go about rehabilitating our religious heritage? This would appear to be a job for churches and churchmen, so let us

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

take a look at the religious scene.

On the professional religious front, the picture is baffling. Here are three theological samplings of late vintage.

Last year in *The Christian Century* (April 15, 1959) a professor at Hartford Seminary extolled another theologian who says, "The entire world is empty of God; and the entire world is redeemed by God in Jesus Christ." This man "sees the problem of the contemporary church as that of witnessing to the living Christ in a world in which God is dead. Atheism is suddenly seen to be closer to Christianity than religion."

A professor at Harvard Divinity School asserts: "God does not exist. He is being – itself beyond essence and existence. Therefore, to argue that God exists, is to deny him." (Paul Tillich, *Systematic Theology*, Vol I, p. 227)

We understand the point these men are trying to make, but their manner of making it smacks of exhibitionism. You might suspect that, with professors such as these, students in our seminaries would be confused. They are. A professor at Andover Newton Theological School writes: "Even in our theological seminaries we can no longer take for granted that students believe Christianity to be true, even at the heart of its message concerning the living God." (Nels Ferré *The Christian Century*, July 1, 1959)

Include in this confusing picture the infatuation of highly placed churchmen with political power; their failure to grasp the meaning of the free society, and their effort to put the Church into political programs hostile to it; their ambiguity toward communism. I deliberately used neutral terms here: "ambiguity toward communism"; but in the light of the recent controversy surrounding the Air Force Manual one is obligated to be more specific. Among other charges it is alleged by the Manual that there are Communists among the clergy. This allegation is categorically denied by a spokesman for the National Council of Churches. Each side in this controversy fired its shots through a smokescreen, and the general alarm was exploited by the unstable elements who feed on this kind of thing. In such an atmosphere it is impossible to get at the matter at issue. But we can get the current fracas into better focus if we go back a few years and draw upon the knowledge and honesty of Reinhold Niebuhr.

In the August 19, 1953, issue of *The Christian Century* Niebuhr wrote an article entitled "Communism and the Clergy." The piece was occasioned by a statement of Bishop Oxnam which

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

made a sweeping denial of communist influence in the churches. "Such a statement causes difficulties," writes Niebuhr, "because there are in fact communist sympathizers and fellow travelers in the Church. I wonder whether Bishop Oxnam ought not to have admitted this more freely. . ."

Niebuhr goes on to assert that "it must be affirmed that there have never been many explicit Stalinists in the churches. . . . Nevertheless, there are a few and we ought to admit it." How does the seemingly incongruous union between Stalinism and Christianity occur, we ask, and Niebuhr answers, "The pathetic clerical Stalinism could not have developed except against the background of a very considerable Marxist dogmatism in the 'liberal' wing of Protestant Churches." But even though it published Niebuhr's admission and explanation, *The Christian Century* jumps into the present controversy with a denunciation of the Manual's allegation, referring to the communist charge as "this false and defamatory attack on clergymen and churches." (3/2/60) Thus the person who tries to make a balanced judgment is beset on the one side by those who see Communists everywhere; and on the other, by those who deny that there are Communists anywhere!

Ecclesiasticism Takes Over

Organize religion beyond a certain point and ecclesiasticism takes over; the Church becomes a power structure alongside the State, the claims of authority crowd out personal religious experience, a priesthood scorns the prophet and the innovator, religious liberty is overridden, the individual conscience suffocates, and the Church is corrupted. Not from such a source, but only from a Church true to its Founder, can "this nation under God . . . have a new birth of freedom."

The crisis of our time is social, and the crisis is personal, but there is no way of dealing with the social crisis directly because it is a reflex of the personal crisis. This is where *we* come in.

Every artist is to some extent revealed in his painting, poem, or symphony. Man, too, comes from the hands of his Maker with the Creator's signature still on him, but barely legible. The work of restoration is up to the individual. "Thou hast made us for thyself," said Augustine, "and our hearts are restless until they find rest in thee."

The first question we must ask of our religion is: "Is it true? Can it make its case before the bar of reason as to the nature of the universe and man's place in it?" The answer is that it can; the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

affirmative has it over the negative. But this is not enough, although it's a good beginning. At this first stage the inquiry is relatively impersonal. But from here on each one of us comes into the equation in an intensely personal way. It's like finding ourselves alone at the controls of a plane with no choice but to go forward or go down. The first stage would be enough if religion were simply a set of propositions to be held at arm's length, argued about, and merely accepted as reasonable. Religion is this, but it is also more than this; it is not merely believing certain truths; it is living them. In religion it is not simply a battle for men's minds; it is a contest for men's souls. Beyond mere faith, religion demands faithfulness and commitment. The Gospel doesn't say, "This believe, and live"; it says, "This do, and live."

There was a Greek philosopher, Heraclitus, who lived five centuries before Christ. Change is the law of life, he wrote, everything is in flux – including man. We are creatures in transit. We can't drift along as we are, just being our jolly little selves; we must grow, and if we don't, we decay. Heraclitus put this in a colorful way when he said: "We are here as in an egg." Now an egg cannot go on and on just being a good egg; it must either hatch or go bad. This is the nature of an egg, and in this respect the demand of our own nature is not essentially different.

The Choice Is Ours

The full embodiment of the Gospel vision is beyond the capacity of any generation of men, but at least a portion of that vision has worked its way into the law, customs, and conventions of Christendom. This vision once inspired our free institutions; and this original inspiration can be rekindled.

Our Declaration of Independence sets forth the conviction that political liberty is part of the covenant between a man and his Maker. In so doing it steps off, not so much in a new direction as into a new dimension. At the heart of our system is the conviction that sovereignty resides in the Creator; that it is he who endows men with the full stature of their humanity.

The eighteenth-century churches, true to the demands of our faith, proclaimed "liberty throughout the land." The men of such churches created the American dream, and the men of such churches can today, if they will, recreate it. This choice is ours, but it must be freely willed.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INSURING *Irresponsibility*

W. M. CURTISS

A TINY NEWS ITEM in your morning paper may have escaped notice; certainly many readers would miss its significance.

A messenger boy in a New York office, while awaiting an assignment, was amusing himself by shooting paper clips out of a window with a rubber band. He was injured when a clip backfired and hit him in the eye.

The Workmen's Compensation Board awarded the boy damages. The boy's employer protested, but the Appellate Division of the courts upheld the Compensation Board by a three to two vote. The case was taken to the higher Court of Appeals and the decision of the Appellate Division was affirmed five to one.

The Workmen's Compensation Board decided the boy's activity was sufficiently close to the regular course of his employment to make his injury compensable. The Appellate Division observed: "The act and the instrument when conjoined to cause the injury have a somewhat closer relationship to the employment than those in the ordinary case involving horseplay." Presumably, if the cook in the firm's cafeteria had been the victim, the injury might not have been compensable. The article reporting this incident was headlined: PAPER-CLIP FLIPPING IS UPHELD BY COURT — COURT RECOGNIZES THAT BOYS WILL BE.

Though this item appears of infinitesimal significance in a day of moon-shots, summit meetings, and general world tensions, nevertheless, it illustrates a weakness in our system: turning over to government a responsibility that rightly belongs to individuals. Similar illustrations could be taken from the government-controlled compulsory auto insurance, social security, and a host of other welfare schemes.

Workmen's Compensation

Before we had compulsory Workmen's Compensation laws, workers were protected under common law against negligence

Dr. Curtiss is a member of the staff of the Foundation for Economic Education.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and carelessness of their employers. It was understood that an employee assumed the obvious and customary risks of his job. True, an employee might have had to go to court to recover damages; and undoubtedly there were cases where justice did not prevail.

It was under Bismarck in Germany that "social consciousness" first became popular, leading to the adoption of many welfare schemes. In this country, President Theodore Roosevelt advocated Workmen's Compensation in a message to Congress in 1908. By 1911, ten states had passed laws, and now, all states have Workmen's Compensation laws.

Workmen's Compensation is essentially an insurance plan, required of employers. In New York State, an employer may insure with a private carrier, with the State Insurance Fund, or – in some cases under strict regulation – can self-insure. Under the law, compensation is not contingent on proof of the employer's negligence; it is required that the injury be job-connected. Over the years, the decisions of the New York State Board have become more and more "liberal," resulting in the "paper clip" decision cited above.

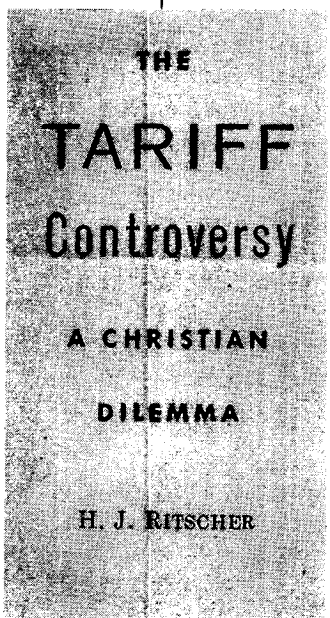
Many employers have welcomed Workmen's Compensation laws. They have been willing to pass their responsibilities along to the State Board and to the insurance carriers, often unaware of the cost involved.

In consequence, New York employers now pay rates for Workmen's Compensation that are among the highest in the land.

American producers, in many lines, are finding it more and more difficult to compete in world markets because of their high costs of production. New York producers are at a disadvantage in competing with producers in other states where insurance rates are not so high. While costs of production, including insurance for Workmen's Compensation, do not directly determine selling prices, they do have a vital effect on profits and on the ability to stay in business.

Aside from its economic consequences, the "paper clip" decision has deep-seated moral implications. Is it proper to relieve a youth, or his family, of all sense of responsibility for his actions? Various forms of individual and family insurance are available to cover cases like this, leaving the responsibility where it belongs, and at the same time reducing the incidence of such cases. A government-sponsored, compulsory plan is certain to result in inefficiency, waste, graft, and abuse. And in the long run, a higher cost will be the general breakdown of the moral fiber of a people.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



IN DEALING with economic and political issues, it is important to bear in mind that they represent merely, as it were, the visible tops of far deeper social problems. They are like the tops of icebergs. The full reality invariably involves a submerged part of the problem, and it is our task to find this hidden aspect lest we lose our orientation and fail to reach a sane solution.

The tariff controversy illustrates, perhaps better than any other example, how we can get shipwrecked intellectually if we treat social problems only with regard to their economic or political aspects. In the tariff controversy, both sides, free-traders as well as protectionists, indubitably believe themselves motivated by humanitarian considerations. Both sides, no doubt, carry high proportions of individuals who think of themselves as sincere Christians. But – if this is so – how can we, as true Christians, square the discriminatory treatment of foreign-domiciled groups of human beings with the basic religious tenet that all men are brothers? Where does the love of Christ end and love of country begin?

Mr. Ritscher is Vice-president of the Intercontinental Credit Corporation, a division of the Pan American Trade Development Corporation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The raising of this question should not be interpreted as a slur against patriotism. On the contrary – it is natural and healthy that we should prefer our own nation's moral code and laws over those of other nations – which we may experience as alien and even horrible, in certain instances. It is quite proper for me to experience such feelings, be it as an American, a Frenchman, a Chinese, or an Egyptian. This is why I am full-heartedly a member of the nation in which I live, and this is the very reason for the existence of independent nations (and the justification for their *continued* existence even though the world contracts technologically before our eyes). Conversely, because these feelings are experienced by individuals as a simple matter of fact, the imposition of a world government, at this moment in world history, would be experienced as, and perforce would have to be, a super-tyranny. However, to the extent that we are motivated by patriotic feelings in taking the protectionist position in the tariff controversy, we not only commit the error of transferring into the domain of economy a feeling that is proper only in the domain of political action – but also, patriotism itself thereby becomes distorted into nationalism. In economic affairs, contrary to the domain of public law, we do deal with One World – an organism that encompasses all of humanity and the entire earth. This organism is severely wounded whenever we take measures that spring from other than world-wide, supranational, and purely economic-utilitarian considerations, devoid of any political motivation.

In an atmosphere of truly dispassionate deliberation, it would be very easy to prove logically that there can be no protectionist measure that, ultimately, will not be economically harmful to humanity. Thus, in considering the avowed purpose of protectionist measures to raise prices above the level they would normally have, are we supposed to overlook how tariffs result in the suppression of industries waiting to be born *in place* of the ones that cannot do without protection?

Our Emotions Impede Thought

As soon as such a question is raised, two inner obstacles immediately get in the way of any sane consideration of the problem:

1. Protected industries exist physically, and we can hear with our bodily ears the screams of those who would be affected by the elimination of tariffs. Against this, we need not only a trained inner ear in order to hear the silence of the far greater indus-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tries that are waiting to spring up as soon as tariffs are eliminated; we also need the confidence that thinking can lead us to perceiving objective realities. (Are the unborn industries really there?) Consideration of the tariff controversy thus leads us to the question of what we must or can do in order to strengthen our individual powers of inner perception and our trust in the practical usefulness of pure thought.

2. The dispassionateness we need in order to heed logical arguments evaporates when the atmosphere becomes heated with feelings that are not proper for the sphere with which we are dealing.

A Psychological Approach

It is not possible here to get into the tremendous chapters of human education and human psychology opened up in citing the first of these two difficulties. (What is *human* education as against ultilitarian training and "group adjustment" practices? What is *human* psychology as against animalistic psychology? What does a commercialized and inartistic environment do to the inner man in us? . . . in our children?) However, with reference to the second difficulty, we can here recognize that in dealing with any social problem we have the double task of finding not only a logical but also a psychological approach to a sound solution. It is invaluable for this purpose to distinguish between the economic and political aspects of a given controversy. Such discrimination enables us to determine the specific principles under which we ought to act, or want others to act, in dealing with the problem at hand – depending on whether, or to what extent, it concerns the economy or the domain of political action. Obviously, the principle of utility must govern a sound economy – but this is not what we seek from government as citizens of a nation. In this respect, what we want is justice – and needless to say – equal justice. Thoughts like these, once their correctness is accepted, will cool down the heated feelings, and it will then be possible to appreciate that it is just as right to desire "One World" economically as it is wrong conceptually to want it politically; or conversely, that it is politically as correct to insist on the independence of our nation as it is a mistake to be an economic nationalist.

Once this is grasped, it is possible to come to grips with the dilemma outlined initially – the contradiction between protectionism and religious tenets – and to be both a true universal Christian

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and a patriot. Nor is this all. Thus far, in order to defend many an economic or political measure before our religious conscience, we had to develop, or at least to support, the notion that religion is solely concerned with our inner world and has nothing to do with matters such as tariffs and world government. The unfortunate consequences which this notion has had for our individual lives and for the development of the world at large can hardly be exaggerated. For, if we do not translate into earthly deeds what can inspire us from higher worlds, do we then not fail in our specifically *human* task – to be a bridge between the world of spirit and the world of matter?

By learning to discriminate in the treatment we should accord economic problems as against political ones, we are set free to come out of our defensive spiritual corner and to make the healing forces of the inner world practically effective on the social scene. This is, however, only part of the whole picture. It is also necessary to protect the inner world from the forces of commercialism and politicalization in order not to suffocate the healing forces that emanate from it. Not only religion, but – even more so – education, art, and science form *the* third domain of social life whose task, if it has any, must be to humanize the other two. Institutions of this third domain of social life, given as they are to the achievement of knowledge, insight, and wisdom, must, therefore, have the opportunity to develop in full freedom from the basic influences that operate in the economy and in political life. Otherwise, principles such as utility and democracy will persist on invading (and perverting) pedagogy, for example, and tend to make cleverly-trained or not-so-cleverly-trained herd animals out of our children. If we complain about the poisons that are used to increase crop yields contrary to the recommendations of the Food and Drug Administration, about the billboards that blot out the beauty of our land, about the protection of gangsters when they are allied with trade unions, we deal merely with symptoms of social diseases caused by the invasion of economic and political principles into the social domain of inner life.

A Three-Dimensional Perspective on Human Society

Once we perceive that human society consists of three differently principled domains, and once we recognize the *specific* significance of each of these domains for the whole social organism, we can finally begin to treat social prob-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lems sanely: that is, in accordance with their true nature, depending on whether they fall within the domain of the economy, or the domain of political action, or the domain of the inner life.

Thus, I am damaging human society if I use the State to treat a group of French human beings engaged in the manufacture of perfume less well than a group of our own citizens engaged in the same pursuit. I may rightfully resort to arms to prevent Soviet policemen from capturing a political fugitive who has escaped to our territory and into the protection of our moral code. I commit a socially harmful act if, by channeling the proceeds of school taxes solely to the public schools, I put a financial penalty on parents who prefer to send their children to independent schools.

Close analysis of the tariff question has led us – as it should – to the consideration of the fundaments of human society. But exactly the same would have been the outcome had we thoroughly analyzed any other social problem, be it our failing public education, the decline of our national health, our inability to cope with communism, our self-defeating foreign aid program, or whatever. In every instance we shall arrive at the same conclusion: that the solution of any of the social, national, and international problems that beset us rests on our recognition that human society encompasses three distinct domains and that each of these domains operates under *different* principles, with which we ought to become sufficiently familiar to let them work unimpeded in their proper fields. ◆

IDEAS ON LIBERTY

Private Undertakings

WHEN A PRIVATE INDIVIDUAL meditates an undertaking, however directly connected it may be with the welfare of society, he never thinks of soliciting the cooperation of the government, but he publishes his plan, offers to execute it himself, courts the assistance of other individuals, and struggles manfully against all obstacles. Undoubtedly he is often less successful than the State might have been in his position; but in the end the sum of these private undertakings far exceeds all that the government could have done.

ALEXIS DE TOCQUEVILLE, *Democracy in America*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FREE MARKET FREE MEN

IN EUROPE, Wilhelm Roepke, a German who teaches at the Graduate Institute of International Studies in Geneva, is a famous figure. It was his economic teaching that fired the creators of the West German Republic to go forward under a traditional free market economy at a time when the current in England, France, and Scandinavia, was still flowing strongly in the direction of State Welfarism, *dirigisme*, and Social Democracy. In the United States, however, Roepke is not very well known. His doctrine, as set forth most recently in *A Humane Economy: The Social Framework of the Free Market* (Henry Regnery Company, 312 pages, $5.00), does not square with that of any of the more vocal contemporary American social theorists who compete for the white space of our publications. Yet his voice should be particularly welcome in the land of James Madison, whose political theory is close to Roepke's own.

Roepke believes passionately in the free market. But he does not believe in it for the reasons that are usually advanced to support it. It is true enough, as he says, that the free market is more efficient than socialism or "planning"; it is true that it offers the consumer a wider variety of goods and services and leads to a higher standard of living. But Roepke, though he is no enemy of affluence as such, would be for the free market even if it could not compete with socialism in bringing economic benefits to the many. He would be for it because, without it, the human being would lose his noneconomic freedoms. And it is these freedoms, says Roepke, that are the really interesting ones.

Having set out to defend the market for nonmarket reasons, Professor Roepke finds himself enmeshed in the wider subjects of sociology, psychology, ethics, and religion. The State-directed economy is bad, he says, because it treats man as a statistic in a mass. In any society where Welfarism

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

or socialism or *dirigisme* dominates, the human "statistic" is to be made happy by underwriting his total life situation, from cradle to grave. Exercising no individual responsibility for his choices, the "statistic" finds himself an enfeebled integer in a society that runs to mass slogans, to "social religions," and to mechanized "entertainment" via cheap radio and television shows.

Freedom Rests on Private Property

Roepke obviously believes there is no escape from what he calls "enmassment" in any of the various types of "planned" State. When a State begins ordering an economy, it kills the property sense. Without inalienable property, people lose their defenses against the genus politician. They begin by letting the State prescribe a hierarchy of goods and services. They end by letting the State prescribe the very order of life itself. And when they have signed away their inalienable rights, they have nothing to fall back on if they wish to criticize the powers that be.

Unfortunately, as Roepke sees it, the free market does not in itself guarantee anybody against "enmassment." All that one can expect from the free market is a neutrality that will respect the individual's will. The virtue of the free market is that it is supple; it can be bent by free men to any pattern that is desired.

At this point Roepke confesses that he doesn't like the way free men have been behaving in those areas of the world that have so far managed to escape the wider ravages of socialism, state welfarism, and *dirigisme*. In passages that might have been written by John Kenneth Galbraith or Arthur Schlesinger, Jr., he chastises Americans for preferring tailfins to a more unadorned type of car, for going overboard on installment buying, for preferring gadgets to concerts. Communism, he says, is bad because it sets people chasing after ideology; but it is not much of an improvement when people "chase after . . . motor scooters, television sets . . . and quickly acquired but unpaid-for dresses."

The difference between Roepke and Galbraith is that Roepke doesn't believe that it is the State's business to make up for the esthetic deficiencies and the lazy habits of the people. As an esthetic and moral critic Roepke addresses himself to the individual directly, urging upon each and every one of us "a reasonable plan of life, saving, and provision for the future." In other words, it is up to the individual to provide his own setting for the free market. The

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

individual doesn't have to take tailfins, motor scooters, or television sets — or, if he does take them, he can do so in a moderation that allows for the exercise of other tastes and for adequate insurance against the needs of the future.

Misleading "Statistical Aggregates"

If Roepke doesn't like some of the manifestations of the American mass market, he does have many good things to say about the possibilities of "decentrism" in the United States, where federalism still exists to provide a framework for the decentralization of political decisions. To Roepke, "centrism" is the enemy. As an economist, Roepke doesn't like what his own "science" has recently been doing in its "centrist" preoccupation with statistical "aggregates." When one begins to worry about the Gross National Product, one forgets the individual, who might, indeed, prefer leisure to "product." Any conception which reduces the economic process to a "functional relationship of aggregates susceptible of being defined in terms of mechanics and calculated by mathematical methods," says Roepke, is "bound to end up in the claim that these same methods permit forecasts which are more than the weighing of probabilities." "Econometrism" encourages government in the idea that it can play God by manipulating the "aggregates" in order to increase the GNP. But nobody, says Roepke, can guess the needs of tomorrow merely by consulting a "functional relationship of aggregates."

The proof? Roepke recalls the economists who "abused the Keynesian theory" in order to "deny that our economic system had any natural growth potential." These economists have left behind them "only the theory of the 'mature economy' — an intellectual fossil of the Great Depression." Other economists, consulting the "relationship of aggregates," predicted a "permanent dollar gap." By predicting an American depression in 1948, Swedish economists misled their government and central bank into making disastrous policy decisions. Roepke doesn't go so far as to advocate the muzzling of "centrist" economists, but he does think people should remember that economics is a "moral" science. As such it should be concerned less with "aggregates" and "multipliers" and "accelerators" than with "relations dependent upon the unpredictable behavior of men." The extrapolation of past facts, while interesting, cannot be used to foretell the future, for "the unforeseeable forces which move

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

human history as a whole may at any moment modify supply and demand in a manner which defies econometric treatment."

Inflationary Consequences of Intervention

Roepke's case against socialism extends to the "fiscal socialism" of the Welfare State in any form. When the State takes it upon itself to give "all-encompassing security," it becomes "an income pump, working day and night, with tubes and valves, with suction and pressure flows. . . ." Since the money to pay for welfare is "conjured from the people's right pocket into their left," it could, theoretically, be put through the "income pump" without inflation. But as a practical matter the "income pump" won't work without chronic inflation. If people are unemployed, inflation is necessary to keep the "tubes and valves" filled in default of tax money; if there is full – or overfull – employment, the "wage push" is inflationary in and by itself.

Roepke's book is pessimistic to a degree that barely stops short of "paralyzing despondency." While it admits there are "encouraging symptoms on both sides of the Atlantic," it does not do much to enumerate them. Roepke might take heart from the recent behavior of the American buying public which has shown encouraging signs of an awakening individualism. For example, the car market has changed considerably since Roepke wrote *A Humane Economy;* no longer is chrome a "status symbol," and if one chooses to drive a "compact" it merely indicates that one has many uses for one's money.

Roepke writes as if "keeping up with the Joneses" were still a preoccupation with Americans. But since he was last on these shores, a counter movement has been under way. Now one can bowl or go in for skin diving or figure skating without worrying about being declassed merely because one doesn't belong to an expensive country club which specializes in golf. Americans are more and more coming to take their leisure as they please. And, since this entails spending money as they please, they may eventually revolt against the "fiscal socialism" of the centralized Welfare State on the ground that it doesn't leave them enough cash for their own choices. ◆

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Open your account with

Coast Federal Savings and Loan Association

of LOS ANGELES

Join the thousands of others from all 50 states and many foreign countries who hold individual, joint, trust or corporation savings accounts and get the following outstanding advantages for your invested savings.

HIGHEST EARNINGS—Effective January 1, 1960, we are paying at the rate of 4½% per annum. Accounts opened or added to by the 10th of any month earn from the 1st of that month.

ASSETS OF OVER $400,000,000.00, with over $90,000,000.00 in cash and government bonds and Reserves of over $30,500,000.00 as of December 31, 1959.

AVAILABILITY OF FUNDS – Coast Federal has always paid every withdrawal immediately on request.

SAVE-BY-MAIL – Airmail postage paid both ways on all transactions.

SECURITY of principal assured through progressive, conservative management and the additional protection of $10,000.00 insurance on each account.

COAST FEDERAL SAVINGS

JOE CRAIL, PRESIDENT

MEMBER — FEDERAL HOME LOAN BANK — FEDERAL SAVINGS AND LOAN INSURANCE CORP.

Coast Federal Savings, Department "H"
855 South Hill St. at 9th
Los Angeles 14, Calif.

(Please check-mark as desired.)

1. ☐ I enclose ☐ check, ☐ money order, to open a savings account in the following name or names: _____

_____

2. ☐ Please send me a copy of your "Coast Federal Savings Guide," Savings Account Information and latest financial statement.

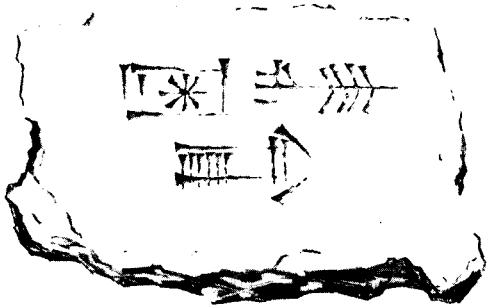
Name _____

Address _____

City _____ Zone _____ State _____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Freeman



THREE LITTLE WORDS

THESE were written more than forty-three centuries ago. The first one means "freedom," and the lower one means "from." If there is any doubt about the meaning of the third, turn to page 17.

THE FREEMAN may be forwarded anywhere in the U. S. A. No wrapper required.

From:

To: _____

_____
street

_____
city zone state

PLACE
4½-CENT
POSTAGE
HERE

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED